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# **Section III**

## **Agency Analyses**

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## Department of Administration

	FY 2012	FY 2012	FY 2013	FY 2013
	Enacted	Revised	Request	Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 1,326,065	\$ 1,870,922	\$ 2,201,306	\$ 2,022,523
Accounts & Control	3,751,998	3,797,887	4,134,954	3,815,349
Budgeting/Office of Management & Budget	2,015,159	2,346,320	2,439,967	3,415,515
Purchasing	2,780,346	2,643,921	3,046,236	2,838,379
Auditing	1,376,922	1,242,653	1,599,332	-
Human Resources	11,510,839	11,093,273	12,753,238	11,035,792
Personnel Appeal Board	73,560	74,676	74,676	34,932
General	43,157,098	62,178,233	61,793,320	58,755,235
Debt Service	200,904,497	200,904,497	231,592,722	204,151,021
Legal Services	1,825,486	1,937,643	2,186,908	2,006,995
Facilities Management	36,456,953	36,729,017	38,456,878	37,694,569
Capital Projects and Prop. Mgt.	3,922,079	4,132,549	3,783,015	3,596,574
Information Technology	30,379,954	30,378,673	32,750,266	35,882,649
Library Programs	2,223,311	2,373,198	2,381,081	2,313,355
Planning	21,679,192	21,389,361	18,023,294	17,726,201
Undistributed Savings	(3,000,000)	-	-	-
Energy Resources	53,551,892	74,321,626	30,504,660	12,848,205
<b>Total</b>	<b>\$ 413,935,351</b>	<b>\$ 457,414,449</b>	<b>\$ 447,721,853</b>	<b>\$ 398,137,294</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 64,174,915	\$ 65,876,358	\$ 74,453,314	\$ 66,044,066
Contracted Services	5,173,630	5,939,571	5,329,939	5,251,041
<b>Subtotal</b>	<b>\$ 69,348,545</b>	<b>\$ 71,815,929</b>	<b>\$ 79,783,253</b>	<b>\$ 71,295,107</b>
Other State Operations	32,712,222	34,136,272	33,949,157	34,620,456
Aid to Local Units of Government	11,595,170	11,595,170	12,305,996	11,245,112
Assistance, Grants, and Benefits	73,266,161	102,341,540	51,123,661	34,005,968
Capital	21,232,542	31,744,827	34,090,850	38,553,416
Capital Debt Service	200,704,497	200,704,497	231,392,722	203,941,021
Operating Transfers	5,076,214	5,076,214	5,076,214	4,476,214
<b>Total</b>	<b>\$ 413,935,351</b>	<b>\$ 457,414,449</b>	<b>\$ 447,721,853</b>	<b>\$ 398,137,294</b>
<b>Sources of Funds</b>				
General Revenue	\$ 246,446,221	\$ 251,444,400	\$ 289,213,013	\$ 257,026,536
Federal Aid	69,084,207	94,562,375	42,721,363	25,893,240
Restricted Receipts	20,059,071	22,808,880	23,207,546	27,546,929
Other	78,345,852	88,598,794	92,579,931	87,670,589
<b>Total</b>	<b>\$ 413,935,351</b>	<b>\$ 457,414,449</b>	<b>\$ 447,721,853</b>	<b>\$ 398,137,294</b>
<b>FTE Authorization</b>	<b>694.6</b>	<b>694.2</b>	<b>694.6</b>	<b>665.6</b>

**Summary.** The Department of Administration requests FY 2013 expenditures totaling \$447.7 million from all sources of funds. This is \$33.8 million more than enacted, of which \$3.0 million is due to the allocation of savings for a medical benefit holiday that occurred in FY 2012. Adjusted for that, the request is \$30.8 million more from all funds. This includes \$39.8 million more general revenues, of which \$30.7 million is for debt service requirements. The request also includes increases of \$3.1 million from restricted receipts and \$14.2 million from other funds, and a reduction of \$26.4 million from federal funds, primarily for stimulus related projects.

The Budget Office provided the Department with a general revenue current service target of \$287.4 million. The budget submitted by the agency is \$1.8 million above the target, consisting of \$1.0 million for information technology related expenditures and \$0.5 million for the Office of Energy Resources. It should also be noted that the Department shifts \$0.6 million of salary and benefit expenses from general revenues to Rhode Island Capital Plan funds, contrary to the current limit which have been used for physical assets. Adjusted for that, the request would be \$2.4 million above the current service amount.

*The Governor recommends total expenditures of \$398.1 million, which is \$15.8 million less than enacted including the allocation of \$3.0 million for a medical benefit holiday. The recommendation is \$49.6 million less than requested primarily to reflect adjustments to debt service, updated retirement rates, and the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program to the Department of Human Services. He recommends staffing of 665.6 positions.*

**Staffing Authorization.** Consistent with the authorized level and the revised request, the Department requests staffing authorization of 694.6 full-time positions for FY 2013. The request reflects the reallocation of 2.0 current vacancies, one each from the Office of Energy Resources and the Division of Information Technology to Central Management. The enacted budget did not provide 2.0 new positions that were recommended by the Governor, but not authorized by the Assembly. Both of the positions are currently filled.

*He recommends staffing of 665.6 positions, 27.0 less than the authorized level. This includes 11.0 new positions for the Office of Management and Budget and the transfer of 9.0 positions from the Office of Energy Resources to the Department of Human Services. It also includes the elimination of 12.0 positions from the Bureau of Audits, 12.0 positions from the Division of Human Resources, 5.6 positions from the Division of Information Technology and 1.0 position from Statewide Planning.*

### **Statewide Items**

**Statewide Medical Benefits.** The enacted budget includes \$3.0 million in general revenue savings from one medical benefit holiday that occurred in FY 2012. The request assumes the distribution of the savings. *The Governor recommends funding as requested.*

### **Local Aid**

**Library Aid.** The Department requests \$9.8 million from general revenues, \$1.1 million more than enacted to fund state support of public libraries at the current law requirement. 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 Assembly enacted legislation during the 2008 and 2009 sessions to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year.

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

*The Governor recommends \$8.8 million to fund the program at the enacted level. The recommendation is \$1.1 million or 10.5 percent less than allowed under current law. Community distributions reflect updated data and a ratable reduction to the appropriation.*

**Library Construction Aid.** The Department requests \$2.5 million for library construction aid, \$350,058 less than enacted to reflect current funding requirements for FY 2013 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. Reported expenditures were \$2.5 million in FY 2011 and \$2.7 million in FY 2010. The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects. *The Governor recommends funding as requested.*

### **Economic Development Corporation**

**Economic Development Corporation – Operations.** Consistent with the enacted budget, the request includes \$4.1 million from general revenues to support general operations of the Corporation. The state annually awards a general revenue grant to the Corporation.

The Corporation's FY 2013 budget request includes expenditures of \$11.7 million, including a state appropriation of \$4.7 million. This is \$0.6 million more than enacted to restore savings that the enacted budget included. The Corporation indicates that if the funding is restored, \$250,000 would be used to fund 3.0 positions, consisting of an administrative assistant, a director of business cultivation and a position to help with urban initiatives. It would also use \$250,000 for tourism programs and \$0.1 million for the Procurement Assistance Program, which assists Rhode Island companies to secure new business through federal, state and local government contracts. The state appropriation accounts for 39.2 percent of the Corporation's resources. The Department's request does not reflect this increase sought by the Corporation. The request includes staffing of 45.5 full-time positions. *The Governor recommends funding as requested and adds \$250,000 for the Corporation to increase tourism efforts in the state.*

**Community Service Grants.** The Department requests the enacted amount of \$1.2 million for all community service grants. There are 18 grants passed through the Economic Development Corporation and nine grants are administered by the Department of Administration.

*The Governor's FY 2013 budget includes general revenue savings of \$289,875 from a 25.0 percent reduction to all community service grants. The recommendation also reflects the elimination of the grant to the Pawtucket Armory Association, which is currently in receivership.*

[Staff Note: It should be noted that the recommendation inadvertently excluded the Rivers Council grant from the 25.0 percent reduction.]

**State Small Business Credit Incentive.** In September 2010, President Obama signed into law the Small Business Jobs Act of 2010, which created the State Small Business Credit Initiative and was

funded with \$1.5 billion to ramp up state programs that support lending to small businesses. The state was awarded a total of \$13.2 million. The revised request assumes use of \$8.7 million in FY 2012 and \$4.3 million in FY 2013. The following entities were approved as “participating state programs” and will receive the following amounts: \$9.0 million for the Slater Technology Fund, \$2.0 million for the Small Business Loan Fund and \$2.0 million for Betaspring.

The State Small Business Incentive Credit requires participating states “to use the federal funds to leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs.” Additionally, the program will allow states to build on successful models for state small business programs, including collateral support programs, capital access programs, and loan guarantee programs. *The Governor recommends funding as requested.*

**Slater Technology Fund.** The Department requests the enacted amount of \$2.0 million for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new ventures. The Slater Centers for 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 to \$45.2 million. The 2009 Assembly reduced funding for this program from \$3.0 million to \$2.0 million.

The FY 2012 revised and FY 2013 budgets submitted by the Economic Development Corporation indicated that \$1.75 million in each year would be transferred to the Slater Technology Fund, \$250,000 less than the enacted amount. The Corporation indicates that the remaining \$250,000 would be used for a public/private partnership in cooperation with the Providence Chamber of Commerce to create a nonprofit organization to attract businesses into the state. *The Governor recommends \$1.5 million, \$0.5 million less than enacted.*

**Experimental Program to Stimulate Competitive Research (EPSCoR).** The Department requests the enacted amount of \$1.5 million for participation in the National Science Foundation’s Experimental Program to Stimulate Competitive Research. This is the seventh installment totaling \$10.5 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 a three-year commitment. *The Governor recommends \$1.15 million, a reduction of \$350,000, which represents sufficient match for the federal funds.*

**Airport Impact Aid.** Consistent with the enacted budget, the Department requests \$1.0 million 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 community payments are made proportionally based on the number of total landings and takeoffs. *The Governor recommends funding as requested.*

## Energy Resources

**Stimulus – Weatherization Assistance Program.** The request reflects the removal of \$5.0 million from federal stimulus funds for the Weatherization Assistance Program. The state received a total of \$20.1 million as part of the American Recovery and Reinvestment Act of 2009. All of the funds must be spent by March 31, 2012. Information obtained from the state’s accounting system indicates that expenditures as of December 7, 2011 totaled \$14.4 million. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households

with a high energy burden, with weatherization improvements to lower utility costs. *The Governor recommends funding as requested.*

**Stimulus – State Energy Plan.** The request reflects the removal of \$4.4 million from federal stimulus funds for the State Energy Program, for which the state received a total of \$24.0 million as part of the American Recovery and Reinvestment Act. All the funds have already been obligated and the Act requires that all of it must be spent by April 30, 2012. Information obtained from the state's accounting system indicates that expenditures as of December 7, 2011 totaled \$10.0 million. If the funds are not spent by that date, the State Energy Office can request an extension on a project by project basis, which would be granted solely at the discretion of the Department of Energy. 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. *The Governor recommends funding as requested.*

**Stimulus – Other Projects.** The request includes \$0.2 million, \$2.3 million less than enacted to reflect exhaustion of federal stimulus funds for Energy Conservation Block Grants and the Energy Assurance Plan. The funds can be used for the implementation of specific programs established under the Energy Independence and Security Act of 2007; to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The funds will be distributed on the existing formula, which takes into account population and other factors. The Department indicates that the funds will be allotted to all municipalities in three installments. The Act requires that the funds be spent by September 13, 2012. *The Governor recommends funding as requested.*

**Low Income Heating Assistance Program.** The request includes \$16.4 million from federal funds, \$9.2 million less than enacted to reflect anticipated awards for the Low Income Home Energy Assistance Program. Of the requested amount, \$16.1 million is budgeted for grants and \$0.3 million is for operating expenses, of which \$218,939 is for salary and benefit costs. The program provides funds to assist Rhode Island's low income households to meet the increasing cost of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and grants range from \$300 to \$450 depending on income level. The 2011 Assembly enacted legislation to transfer this program to the Department of Human Services, effective July 1, 2012. *The Governor's recommendation reflects the transfer of the program and staffing to the Department of Human Services.*

**Weatherization Assistance Program.** The Department requests \$2.2 million from federal funds for the Weatherization Assistance Program, \$5.8 million less than enacted to reflect anticipated awards from the Department of Energy and the Department of Health and Human Services. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users and households with a high energy burden, with weatherization improvements to lower utility costs. The 2011 Assembly enacted legislation to transfer this program to the Department of Human Services, effective July 1, 2012. *The Governor's recommendation reflects the transfer of the program and staffing to the Department of Human Services.*

**Demand Side Energy Grants.** The Department requests expenditures of \$6.5 million from restricted receipts to make energy grants for weatherization, gas and electric boiler replacements. The request is \$3.3 million more than enacted and is consistent with the revised request to reflect legislation adopted by the 2011 Assembly to remove the gas energy efficiency program charge of \$0.15 per deca therm and aligning funding for the program with the Least Cost Procurement provisions contained in Rhode Island General Law 49-1-27.7. The provisions allow the Public Utilities Commission to determine the tax rate

based on revised plans for energy efficiency projects that have been reviewed and approved by the Energy Efficiency and Resources Management Council.

The Public Utilities Commission set the rate at \$0.411 per deca therm based on the 2011 Revised Plan for Natural Gas Program, effective August 1, 2011. At the current rate, National Grid estimated that \$20.1 million in revenues will be collected. Of that, \$6.5 million is for the Demand Side Energy grants, to target low income households and National Grid retains the remaining funds for energy efficiency projects. The additional funds will allow the State Energy Resources Office to provide an additional 1,766 households with energy efficiency grants. *The Governor concurs.*

**State Resources for Energy Programs.** The 2011 Assembly enacted legislation to transfer the Low Income Home Energy Assistance Program and the Weatherization Assistance Program to the Department of Human Services, effective July 1, 2012. Additionally, the Office is expecting reductions for several projects that were federal funded. The Department indicates that the funding streams that will remain in the Office will not be sufficient to fund its other obligations. The Office requests staffing authorization of 16.0 full-time positions, 7.0 positions of which are for the Low Income Home Energy Assistance and the Weatherization Assistance programs. If the positions are transferred as part of the FY 2013 budget, the Office would retain 9.0 full-time positions. Based on its resources, it appears that it can only fund 7.3 positions.

The Department's request includes \$0.5 million from general revenues to support staffing and operating expenses for the Office of Energy Resources. Of the general revenue request, \$0.2 million is to fund 1.7 equivalent positions. Additionally, \$120,978 would fund a position in the Division of Legal Services, which had previously been funded with federal funds. The request includes \$165,228 for operating expenses, of which \$67,958 is for consultant services to assist with the renewable energy program and the state energy plan; \$72,250 is for various dues and fees for the Energy Council of Rhode Island, the National Energy Education Development Project and others. *The Governor does not concur with the request.*

**All Other Energy Operations.** The request includes \$4.6 million from all funding sources for all other expenditures for the Office of Energy Resources. This is \$57,897 less than enacted, including an increase of \$0.1 million from federal funds offset by a reduction of \$0.2 million from restricted sources to reflect anticipated receipts. The request includes \$0.3 million for the State Energy Plan and \$4.2 million for the Regional Greenhouse Gas Initiative. To date, 13 regional auctions have been held for a total of \$900.6 million. Rhode Island's share of that is \$14.3 million. The state was allocated just over 2.6 million tons of emission allowances. These allowances can be sold to energy producers in Rhode Island to offset the emissions they produce. The proceeds are to be used to invest in projects that reduce long-term energy demands and costs.

*The Governor proposes legislation to transfer the Renewable Energy Program from the Economic Development Corporation to the Office. The legislation transfers the oversight of the Regional Greenhouse Gas Initiative from the Department of Environmental Management to the Office of Energy Resources. It also transfers funding for the Energy Efficiency and Resources Management Council to the Office.*

*The Governor recommends \$1.6 million more than requested, including \$250,000 for the administration of the Renewable Energy Fund and expenditures of \$1.3 million from the Energy Efficiency and Resources Management Council.*

## Statewide Planning

**Water Resource Board.** The Department requests \$0.7 million from general revenues for all operating expenses for the Water Resources Board. This includes \$0.5 million or \$0.1 million more for updated salary and benefit costs for 3.0 full-time positions. The 2011 Assembly enacted legislation to merge the Board into the Division of Statewide Planning, while retaining the Board Corporate. The enacted budget includes a savings of \$0.3 million assuming that the following positions would be eliminated: general manager, a programming service officer and an implementation aide, effective July 1, 2011. The request shows that the Board maintained the general manager position and eliminated the principal planner position instead. The request includes benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The staffing request is consistent with the authorized level and as of pay period ending November 19, 2011, the Board had no vacancies. Operating costs of \$0.3 million are consistent with the revised request and the enacted budget. *The Governor recommends \$30,213 more than enacted, \$39,956 less than requested to reflect updated retirement rates.*

**Stimulus – Homelessness Prevention Fund.** The request reflects the removal of \$0.8 million that the enacted budget included from federal stimulus funds for homelessness prevention. The state received a total of \$3.3 million, which was used for rental assistance, housing relocation and stabilization services to include housing search, security or utility deposits, utility payments and moving costs. *The Governor recommends funding as requested.*

**Disaster Recovery Assistance Grants.** In September 2010, the U.S. Department of Housing and Urban Development awarded the state with a \$13.0 million grant for disaster recovery, of which \$4.1 million was awarded directly to the Cities of Cranston and Warwick. The funds may be used for efforts involving housing, economic development, and infrastructure improvements. The Department requests expenditures of \$1.4 million for FY 2013, \$2.0 million less than enacted to reflect anticipated expenditures. The Housing Resources Commission is in the process of formulating regulations for the program. Then the state will develop a plan for the distribution of the funds. *The Governor recommends funding as requested.*

**Other Staffing.** Excluding items mentioned above, the Department requests \$3.7 million from all sources to fund salaries and benefits for 34.0 full-time positions in the Division of Statewide Planning. This is \$0.2 million more from all funds than enacted, including increases of \$30,759 from general revenues and \$158,715 from federal and other sources. The request is 5.0 percent more than enacted and is 10.6 percent more than the FY 2012 revised request for step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The request is \$0.1 million less than the current service adjustment to reflect increased turnover. The request assumes \$219,468 in turnover savings, \$183,945 more than enacted and \$90,132 less than the revised request. As of November 20, 2011, the Division had 3.0 vacancies.

*The Governor recommends \$0.3 million less than enacted, including \$0.2 million from general revenues. This is \$0.5 million less than requested, of which \$0.4 million is to reflect updated retirement rates and savings of \$0.1 million from the elimination of the chief of strategic planning position, which is expected to be vacant.*

**Other Planning Grants and Operations.** The Department requests \$12.2 million from all funds for all other expenditures relating to Statewide Planning. This is \$1.1 million less than enacted, which includes \$7,488 more from general revenues and \$1.1 million less from federal funds for various community development block grants. Annually, the grant award is received from the federal

government and prior years remaining funds are carried forward for expenditures; the grants are also adjusted based on available balances of the block grant awards unspent by the Department. Due to the timing of payments, grant funds often overlap fiscal years. This program provides annual grants on a formula basis to entitled cities and towns to develop viable urban communities. The request includes the enacted amount of \$3.4 million from other funds, budgeted for grants for transportation planning related issues. It also includes the enacted amount of \$2.1 million from general revenues, of which \$0.7 million is for the state's Lead Hazard Reduction program and \$1.4 million is for homeless assistance grants. *The Governor recommends \$0.2 million more than requested to reflect available funds from retirement savings shifted to unidentified operating costs.*

### **Capital Projects and Property Management**

**Staffing Costs to Capital Fund.** The Department shifts \$0.6 million of general revenue expenditures to Rhode Island Capital Plan funds to support 4.0 full-time positions in the Division of Capital Projects and Property Management. The positions include a chief of property management, a chief of facilities management officer and two architects. The Department indicates that the positions would be entirely dedicated to the development, oversight, and completion of capital projects. The Department further noted that the intent of this initiative is to develop a system to capture the time spent on various projects in a transparent means. If the initiative is adopted, a billing methodology will be developed to charge staff time to individual projects. Rhode Island Capital Plan funds have been limited to use on physical assets. The funds were used nearly exclusively for debt service in the early 1990s. The voters approved a constitutional amendment in 2006 to allow the funds to be used solely for capital projects beginning in FY 2008. The 2011 Assembly rejected numerous initiatives that would have allowed the funds to be used for information technology related projects. *The Governor recommends funding as requested and adds \$2,674 from Rhode Island Capital Plan funds to reflect updated salary expenses.*

**Contractor's Board Administrative Support.** The enacted budget includes an initiative to allow \$0.2 million of general revenue expenditures to be charged to restricted receipts for the equivalent of 1.7 full-time administrative and technical support staff provided by the State Building Commission to the Contractor's Registration Board. This was in addition to the current assessment of the 10.0 percent indirect surcharge that is deposited as general revenues. The Board is responsible for registering all contractors who do residential work and commercial roofers. It also conducts hearings for homeowners who file complaints against contractors. It collects registration fees on a biennial basis and assesses fines. The Department indicates that the Commission will be implementing new building codes in FY 2013 and therefore its staff time assisting the Board will be minimal. The FY 2013 request shifts the restricted receipt expenditures back to general revenues. The Board projects a fund balance of \$198,899 at the end of FY 2013 from the registration fees. *The Governor recommends funding as requested.*

**Other Staffing.** Excluding items mentioned above, the Department requests \$4.1 million from general revenues and federal funds for staffing of 27.3 full-time positions, consistent with the authorized level. The request is \$0.5 million or 11.6 percent more than enacted, including \$0.3 million more general revenues and \$0.2 million more federal funds for step increases and benefit changes to reflect FY 2013 planning values consistent with Budget Office instructions. The request includes \$132,062 to restore the enacted turnover savings and reflects full funding for all positions. As of pay period ending November 19, 2011, the Division had 4.0 vacancies, which the Department indicates are funded with restricted sources. *The Governor recommends \$0.3 million less than requested to reflect updated retirement rates.*

**Operations.** The Department requests \$228,495 from all funds for all operating costs for the Division of Capital Projects and Property Management. This is \$53,756 less than enacted, of which \$58,363 is to reflect exhaustion of stimulus funds for the municipal green technology training initiative. The request includes new expenditures of \$12,500 to replace some desktop computers. *The Governor recommends \$0.1 million more than requested to reflect available funds from retirement savings shifted to unidentified operating costs.*

### **Facilities Management**

**Utilities.** The Department projects utility costs of \$19.6 million from all funds for FY 2013, including \$16.9 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 7.9 percent or \$1.4 million more than FY 2011 reported expenditures of \$18.2 million and is \$0.2 million less than enacted, including a savings of \$0.5 million from general revenues. This reflects savings of \$0.8 million from electricity, which are partially offset by an increase of \$0.4 million for natural gas to include expenditures for the Energy Efficiency Program rate change that increased from \$0.15 per deca therm to \$0.411 per deca therm, effective August 1, 2011. The Department projects this expense at \$0.5 million for FY 2013; expenditures were \$0.2 million each in FY 2011 and FY 2010. The request also includes an increase of \$0.1 million for sewer usage due to a rate increase. The request is \$88,604 or 0.5 percent more than the revised request. *The Governor recommends funding as requested.*

**Unachieved Savings.** The Department's FY 2012 budget request included a savings of \$1.1 million from all funds, including \$656,211 from general revenues in the Division of Facilities Management to be achieved from various departments that obtain services from the Division. Subsequently, the Governor requested an amendment to his original recommendation to restore \$0.7 million of the savings, including \$257,000 from general revenues. The Assembly restored \$0.4 million. The Department indicates that the savings are not achievable. The FY 2013 request restores the general revenues savings, consistent with the revised request. *The Governor recommends funding as requested.*

**Staffing.** The Department requests \$10.8 million from all funds and staffing of 113.5 positions for the Division of Facilities Management. The request is \$1.1 million or 10.9 percent more and staffing authorization is consistent with the enacted budget. The request includes step increases and benefit changes to reflect FY 2013 planning values consistent with Budget Office instructions. The request includes the enacted amount of \$0.3 million for overtime expenses, which is \$70,725 more than FY 2011 expenditures. The request includes \$103,188 to restore turnover savings. The request assumes \$0.3 million in turnover savings, \$0.3 million less than the revised request. As of pay period ending November 19, 2011, the Division had 14 vacancies. *The Governor recommends funding as requested, with the exception of providing \$0.8 million less to reflect updated retirement rates.*

**All Other Operations.** The Department requests \$8.0 million from all funds including \$7.0 million from general revenues 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 is \$0.4 million or 5.9 percent more than enacted, of which \$0.8 million is from general revenues. The enacted budget included savings that the Department proposed as part of its constrained budget request. Consistent with its revised request, the Department requests the restoration of the savings. Based on historical spending patterns, it appears that the proposed savings were not achievable.

The general revenue request includes increases of \$0.3 million for janitorial services and supplies, \$21,453 for fire alarm monitoring services, \$0.1 million for insurance costs based on a revaluation of the State House and the Cranston Street Armory and \$0.3 million for various maintenance repairs and

maintenance contracts. It includes \$2.8 million or \$45,000 more for a cost-of-living adjustment for contract services of the Central Power Plant. *The Governor concurs and adds \$32,199 from available funds from retirement savings shifted to unidentified operating costs.*

### **Information Technology**

**RI Financial Accounting Network System.** Consistent with the revised request, the Department requests \$1.1 million, or \$261,152 more than enacted for operational expenditures of the Rhode Island Financial Accounting Network System. The request includes the restoration of \$180,352 for license and maintenance contract costs. This savings was proposed as part of the Department's FY 2012 constrained budget request. Subsequently, it indicated that the savings are not achievable. The request also includes new expenditures of \$80,080 for a contracted Oracle database administrator. The part-time administrator will ensure that backups are being completed, provide disaster recovery services and provide technical advice on system enhancements.

*The Governor recommends \$0.1 million less than requested based on FY 2011 reported expenditures. He also proposes legislation in Article 7 of 2012-H 7323 to borrow \$11.5 million to fund the implementation of the time and attendance projects and grants modules. Annual debt service would be \$1.4 million for 10 years and be paid from general revenues.*

**Technology Investment Fund.** The Department's request includes the enacted amount of \$1.0 million from restricted receipts for the Technology Investment Fund. The 2011 Assembly enacted legislation to create an Information Technology Investment Fund to be supported from land sales proceeds. The funds will be used for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. Repayments from user agencies from sources available to them would be deposited into the fund, thereby making the fund self-sustaining. *The Governor recommends expenditures of \$6.6 million, \$5.6 million more than enacted. He includes legislation to transfer \$6.6 million from bond premium proceeds into the Fund. A proposed list of the projects has not been provided.*

**Labor and Training Federal Funds Shortfall.** The enacted budget includes \$28.6 million from all funds for all centralized information technology services, of which \$19.4 million or 67.8 percent is from general revenues.

The Division allocates the expenses based on services rendered the year before and the various state agencies reimburse the Division for the non-general revenue portion of the service costs. If user agencies do not have other sources available to charge the expenses to, then the expense becomes general revenues. Consistent with the revised request, the FY 2013 budget request reflects a shift of \$0.8 million from general revenues to federal funds, because of downward trends in federal funding for its programs.

*The Governor includes the federal funds reduction; however, he does not provide the general revenues to offset this loss. The recommendation assumes that services to the Department of Labor and Training will be reduced and/or staff will have to be reallocated to other available sources.*

**Other Staffing.** The Department requests \$24.5 million from all funds, including \$16.0 million or 65.3 percent from general revenues to fund salary and benefit expenses of 190.5 full-time positions for the Division of Information Technology, 1.0 fewer position than the authorized level. The Division is responsible for oversight, coordination and development of all computer resources within the Executive Branch. Salary and benefit costs are \$2.0 million or 8.1 percent more than enacted for step increases

and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The request includes \$0.2 million, \$0.1 million more than enacted for overtime expenses. Reported overtime expenditures were \$202,296 in FY 2011 and \$173,667 in FY 2010. The request assumes \$1.3 million in turnover savings, \$0.4 million more than enacted and \$0.1 million less than the revised request. As of pay period ending November 19, 2011, the Division had 11.5 positions vacant. The request assumes that the Division would fill five of its current vacancies, effective January 2012.

*The Governor recommends \$0.2 million more than enacted, which is \$1.8 million less than requested, including \$1.3 million from general revenues. This reflects savings of \$0.4 million from the elimination of 5.6 identified positions and \$1.4 million for updated retirement rates.*

**All Other Operations.** The Department requests FY 2013 expenditures of \$6.2 million from all funds for the Division of Information Technology. This is \$115,195 or 1.6 percent more than enacted, including \$13,950 more general revenues, which is \$42,160 less than the revised request. This includes an increase of \$0.2 million for the state's SONET Ring, which uses two or more transmission bands between networks for digital cross-connects. The request includes a savings of \$0.1 million from general revenues based on projected hours of contractors who support the state's network and infrastructure, and \$77,657 in savings from the purchase of an enterprise mainframe. The Department indicates that it is in the process of promulgating rules and regulations for this Fund. *The Governor recommends \$0.4 million more than requested to reflect available funds from retirement savings shifted to unidentified operating costs.*

## Human Resources

**Staffing.** The request includes \$12.3 million from all funds and staffing of 116.0 positions for the Division of Human Resources. This is \$1.2 million or 10.6 percent more than enacted for step increases and benefit changes, including \$1.0 million for the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The request is \$160,907 more than the Budget Office's current service target. The request assumes \$0.8 million in turnover savings, \$0.1 million more than enacted and \$148,890 less than the revised request to allow the Division to strategically fill positions to address performance management initiatives. As of pay period ending November 19, 2011, the Division had 11.0 vacancies.

*The Governor recommends \$1.8 million less than requested, including \$1.6 million from general revenues. The recommendation reflects savings of \$0.8 million from the elimination of 12.0 positions based on the restructuring of the personnel system and savings from updated retirement rates. His revised budget includes \$0.3 million from general revenues to conduct a study of the current system.*

**Operations.** The Department requests \$0.4 million from all sources, \$52,236 more than enacted for all other operating expenses for the Division of Human Resources. This includes a general revenue increase \$52,182 and a slight increase from federal funds to reflect anticipated expenditures. The request includes \$130,000 or \$60,000 more than enacted for contractual services provided by Hewitt Associates, which performs employee health benefit analyses on an as needed basis. This includes \$50,000 for audit of medical claims, \$40,000 for audit of pharmacy claims and \$40,000 for the development of a Request for Proposal for vision services. The Division incurred savings from postage and printing. *The Governor recommends \$0.1 million more than requested to reflect available funds from retirement savings shifted to unidentified operating costs.*

## Purchasing

**Staffing.** The Department's request includes \$3.0 million from all funds and staffing of 29.0 positions for the Division of Purchasing. The request is \$0.3 million or 13.1 percent more than enacted for step increases and benefit changes, including \$0.2 million for the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The request is \$64,584 more than the current service target. It assumes \$97,153 in turnover savings, \$19,656 more than enacted and \$0.2 million less than the revised request. As of pay period ending November 19, 2011, the Division had 4.0 vacancies. *The Governor recommends \$0.2 million less than requested to reflect updated retirement rates.*

**Operations.** The Department requests \$53,591 from all funds for all other operating expenses for the Division of Purchasing, \$80,317 less than enacted. This reflects the removal of \$80,000 that the enacted budget included to enhance the website for the Division of Purchasing. The request assumes completion of the project. *The Governor recommends \$30,715 more than requested to reflect available funds from retirement savings shifted to unidentified operating costs.*

### **Debt Service**

**Historic Tax Credit Debt Service.** The request includes \$28.4 million from general revenues to fund debt service costs for historic tax credits. This is \$5.7 million more than enacted and is consistent with the current service estimate. This assumes issuances of \$40.0 million in FY 2012 and \$35.2 million in FY 2013. The 2008 Assembly adopted legislation to significantly modify the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. *The Governor recommends \$21.3 million from general revenues in FY 2013. This is \$7.1 million less than the \$28.4 million current service estimate to reflect a delay in issuance based on projected need.*

**Convention Center Authority Debt Service.** The request includes the enacted amount of \$24.1 million from general revenues for debt service for the Convention Center Authority, \$0.9 million more than enacted and is consistent with the current service estimate. Under the terms of the Lease 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 is paid back to the State of Rhode Island. The 2009 Assembly provided an additional \$1.2 million in FY 2010 to cover debt service requirements and operational shortfalls at the Dunkin Donuts Center, Convention Center and the Veterans Memorial Auditorium.

*The Governor recommends \$5,083 less than enacted or \$0.9 million less than requested to fully fund required debt service based on the Corporation's updated cash flow.*

**I-195 Land Purchase.** The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs. The legislation assumed \$42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 from the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process on the disposition of the land to occur while the project is completed. The Department's request did not include funding for this. *The Governor recommends \$1.5 million from general revenues in FY 2013 for the first year of debt service.*

**Department of Transportation Debt Service.** The Department requests the enacted amount of \$46.2 million from gasoline tax proceeds for debt service expenditures for the Department of Transportation

for its general obligation bonds. Per statute, the Department of Administration's budget includes most debt service costs.

*The Governor recommends expenditures of \$44.3 million from all funds, which is \$1.9 million less than enacted and requested based on refunding and proposed restructuring of transportation debt. The Governor's budget assumes that transportation debt will be restructured to provide more even debt service payments over the remaining 21 years. The recommendation reflects a shift of \$2.0 million from gasoline tax proceeds to available federal funds.*

**Other Debt Service.** Excluding items mentioned above, the Department requests \$132.9 million, including \$123.0 million from general revenues for all debt service costs, \$24.0 million more than enacted. Though the request is consistent with the current service target, the outyear estimates assumed a general obligation bond debt service cost of \$58.3 million. The request includes the enacted level, of which \$1.2 million is for the Rhode Island Public Transit Authority. The request includes \$6.7 million for short-term borrowing and \$3.4 million or \$0.7 million more for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000 employee base. Debt service from Certificates of Participation is \$1.1 million more for technology related projects.

*The Governor recommends \$113.9 million, \$5.0 million more than enacted, including \$7.7 million from general revenues. The recommendation is \$19.0 million less than requested, including \$3.4 million from Certificates of Participation for energy conservation projects, and new technology initiatives for which he proposes legislation contained in Article 7 of 2012-H 7323 to borrow a total of \$57.0 million. It includes savings of \$18.3 million for general obligation debt to reflect changes in issuance totals and refunding savings and \$4.0 million from restricted receipts for interest earnings pertaining to short-term borrowing. Interest earnings on borrowed funds are received as restricted receipts and are used to offset the cost of the Tax Anticipation Notes borrowing.*

### **Overhead Functions**

**Personnel Appeal Board.** The Department requests expenditures of \$74,676 from general revenues, \$1,116 more than enacted for the Personnel Appeal Board, which holds hearings pertaining to state employees' personnel appeals. The Board consists of five members, administers the Merit System Law and has subpoena power. *The Governor proposes legislation to eliminate compensation for board members, effective July 1, 2012. He includes savings of \$38,628, of which \$38,988 is from personnel costs.*

**Bureau of Audits.** The Department requests general revenue expenditures of \$1.6 million to fund personnel costs of 12.0 full-time positions and operations for the Bureau of Audits. This is \$222,410 or 16.6 percent more than enacted for step increases and benefit changes, including \$202,414 for the retirement rate increase to reflect FY 2013 planning values. The Bureau of Audits performs the auditing function for the Executive Branch. The Bureau is required to audit the financial records and accounts of all state departments and agencies on a biennial basis. The Bureau also audits human service providers. *The Governor proposes legislation to eliminate the Bureau of Audits and transfer some of its functions to the newly created Office of Management and Budget. He includes savings of \$1.4 million and the elimination of 12.0 full-time positions.*

**Office of Management and Budget.** The Governor proposes legislation to create a new Office of Management and Budget that will assume the functions of the State Budget Office and some functions

of the Bureau of Audits and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grant applications.

*The Governor recommends expenditures of \$1.2 million, including \$0.8 million from general revenues and \$0.4 million from restricted receipts from an assessment on federal grants. He includes staffing of 11.0 full-time positions, including a director to be appointed by the director of the Department of Administration.*

**All Other Staffing.** Excluding all items mentioned above, the Department requests \$12.0 million from all funds for all other salary and benefit costs to support 101.6 full-time positions for the following programs: Central Management, Accounts and Control, Budget Office, Division of Legal Services, and the Office of Library and Information Services. This is \$2.3 million more than enacted, including \$1.1 million from general revenues to restore funding for an executive director and an executive assistant to the director in the Division of Central Management and \$0.7 million from management and budget operations that the enacted budget included. Accounting for this adjustment, the request is \$1.2 million or 10.4 percent more than enacted for step increases and benefit changes to reflect FY 2013 planning values consistent with Budget Office instructions. The budget assumes \$0.3 million in turnover savings, consistent with the enacted. As of pay period ending November 19, 2011, the aforementioned programs had 3.4 vacancies: 2.0 in Accounts and Control, and 1.4 in the Budget Office. *The Governor recommends \$0.9 million less than requested primarily to reflect the updated retirement rates and to adjust turnover.*

**All Other Operations.** The Department requests \$1.4 million from all funds for all other operating expenses. This is \$66,713 less than enacted, of which \$130,184 is from general revenues. The request reflects the removal of \$150,000 that the enacted budget included for actuarial pension studies. The request includes \$63,001 more federal funds than enacted for expenditures related to the Office of Library and Information Services. *The Governor recommends \$57,808 more than requested to reflect available funds from retirement savings shifted to unidentified operating costs.*

**Capital Projects.** The Department requests \$31.7 million from Rhode Island Capital Plan funds for all capital project expenditures, \$13.0 million more than the enacted budget. This includes increases of \$4.3 million for the Board of Elections' new office building, \$2.6 million for the Veterans Memorial Auditorium, \$1.5 million for the State House renovation project, \$1.0 million for the Chapin Health Laboratory and \$3.6 million for all other projects.

*The Governor recommends \$11.9 million more than enacted, which is \$1.1 million less than requested for all capital expenditures. A detailed analysis of the projects is included in the Capital Budget Section of this publication.*

## Department of Business Regulation

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 1,162,041	\$ 1,094,956	\$ 1,288,285	\$ 1,161,605
Banking Regulation	1,597,238	1,596,137	2,023,869	1,862,766
Securities Regulation	1,066,512	866,012	1,179,720	1,083,375
Commercial Licensing, Racing & Athletics	1,229,648	1,018,140	1,303,816	1,234,148
Insurance Regulation	5,321,002	5,267,501	5,809,826	5,366,861
Office of the Health Insurance Commissioner	7,212,629	7,245,886	3,713,913	3,067,916
Board of Accountancy	170,668	140,672	90,007	82,483
Boards for Design Professionals	247,360	324,337	270,895	249,799
<b>Total</b>	<b>\$ 18,007,098</b>	<b>\$ 17,553,641</b>	<b>\$ 15,680,331</b>	<b>\$ 14,108,953</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,191,878	\$ 9,560,987	\$ 11,603,791	\$ 10,270,773
Contracted Services	5,319,169	5,998,004	2,430,771	2,701,770
<b>Subtotal</b>	<b>\$ 15,511,047</b>	<b>\$ 15,558,991</b>	<b>\$ 14,034,562</b>	<b>\$ 12,972,543</b>
Other State Operations	1,096,957	1,095,741	899,853	761,237
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	1,379,356	874,671	729,678	344,890
Capital	19,738	24,238	16,238	30,283
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 18,007,098</b>	<b>\$ 17,553,641</b>	<b>\$ 15,680,331</b>	<b>\$ 14,108,953</b>
<b>Sources of Funds</b>				
General Revenue	\$ 9,436,378	\$ 8,832,882	\$ 10,606,719	\$ 9,612,048
Federal Aid	6,803,273	6,813,608	3,107,739	2,514,487
Restricted Receipts	1,767,447	1,907,151	1,965,873	1,965,873
Other	-	-	-	16,545
<b>Total</b>	<b>\$ 18,007,098</b>	<b>\$ 17,553,641</b>	<b>\$ 15,680,331</b>	<b>\$ 14,108,953</b>
<b>FTE Authorization</b>	<b>96.0</b>	<b>96.0</b>	<b>95.0</b>	<b>94.0</b>

**Summary.** The Department of Business Regulation requests \$15.7 million from all sources for its FY 2013 operations, \$2.3 million less than the FY 2012 enacted budget. The request includes \$1.2 million more from general revenues, \$3.7 million less from federal grants, and \$0.2 million more from additional restricted receipt proceeds. The Department requests 95.0 full-time equivalent positions for FY 2013 or 1.0 fewer than the FY 2012 authorized level. The Department's request is \$319,017 more than the Budget Office's current service general revenue target of \$10.3 million.

*The Governor recommends \$14.1 million from all sources, which is \$3.9 million less than enacted and \$1.6 million less than requested. The Governor's recommendation includes \$0.2 million more than*

*enacted from general revenues, \$4.3 million less from federal funds, \$0.2 million more from restricted receipts and \$16,545 more from Rhode Island Capital Plan funds. The Governor recommends 94.0 full-time equivalent positions which is 1.0 fewer than requested.*

### **Central Management**

**Staffing and Operations.** The Department requests \$1.3 million from general revenues to fund salaries and benefits for 9.0 full-time equivalent positions and operating expenses in Central Management, which provides budgeting, accounting, personnel, legal, and computer services. Salary and benefit costs increase \$126,244 or 11.3 percent above the enacted level, to reflect step increases and updated benefit rates consistent with the FY 2013 planning values. Consistent with the revised request and the enacted budget, the request also includes \$48,318 for state operations.

The Department anticipates the Central Management program will generate \$228,068 in revenues in FY 2013 from fees and licenses.

*The Governor recommends \$1.2 million which is \$436 less than enacted and \$126,680 less than requested from all sources. This reflects adding \$16,545 from Rhode Island Capital Plan funds to convert a break room into a conference room as described in the Capital section of this publication, turnover savings of \$32,723 from maintaining a position vacant for half of the fiscal year, \$112,558 less based on revised retirement rates and \$8,064 less for operating expenses based upon prior year expenditures.*

### **Banking Regulation**

**Staffing and Operations.** The Department requests \$2.0 million from all sources, including \$1.9 million from general revenues to fund 15.0 full-time equivalent positions and operating expenses in the Banking Regulation Division. This Division provides regulatory oversight of state chartered financial institutions, credit unions and licensees. Salary and benefit costs reflect an increase of \$426,631, of which \$334,281 restores turnover savings included in the enacted budget. The remaining \$129,268 is for updated benefit rates consistent with the FY 2013 planning values. Consistent with the revised request and the enacted budget, the request also includes \$170,077 for state operations, including \$45,077 from general revenues.

The Department anticipates the Banking Regulation Division will generate \$1.4 million in revenues in FY 2013 from fees and licenses.

*The Governor recommends \$1.7 million from general revenues, which is \$0.3 million more than enacted and \$0.2 million less than requested primarily to reflect updated retirement rates. He includes \$7,565 less for operating expenses based on prior year expenditures.*

### **Securities Regulation**

**Staffing and Operations.** The Department requests \$1.2 million from all sources, including \$1.1 million from general revenues to fund 10.0 full-time equivalent positions and operating expenses in the Securities Regulation Division. This Division enforces compliance with state laws and regulations regarding the securities industry, franchises, charities, fundraisers, and time-shares. Salary and benefit costs increase \$113,208, of which \$21,852 is to restore turnover savings included in the enacted budget. The remaining reflects step increases and updated benefit rates consistent with the FY 2013

planning values. Consistent with the enacted budget and the revised request, the request includes \$46,351 for state operations, including \$31,351 from general revenues.

The Department anticipates the Division will generate \$17.8 million in revenues in FY 2013 from fees and licenses.

*The Governor recommends \$1.1 million from general revenues which is \$16,863 more than enacted and \$96,345 less than requested primarily from revised retirement rates. He also includes \$6,628 less for operating expenses based on prior year expenditures.*

### **Commercial Licensing, Racing, and Athletics**

**Staffing and Operations.** The Department requests \$1.3 million from all sources, including \$0.8 million from general revenues to fund 11.0 full-time equivalent positions and operating expenses in the Commercial Licensing, Racing, and Athletics Division. The Division ensures the proper conduct of licensees in relation to state laws and regulations for a variety of activities including, but not limited to: real estate agents, brokers and appraisers, auto body shops, auto wrecking and salvage yards, travel agents, liquor wholesalers, wineries, breweries, upholsters, boxing, wrestling, and kickboxing.

Salary and benefit costs reflect an increase of \$74,168 including \$35,253 more from general revenues. The Department's request increases turnover savings by \$15,863 and adds \$92,650 to reflect updated benefit rates consistent with the FY 2013 planning values. Consistent with the enacted budget and the revised request, the request includes \$214,585 for state operations, including \$61,022 from general revenues.

The Department anticipates the Division will generate \$2.4 million in revenues in FY 2013 from fees and licenses.

*The Governor recommends \$1.2 million from all sources, including \$0.7 million from general revenues. The recommendation is \$4,500 more than enacted and \$69,668 less than requested. This includes \$82,140 less from revised retirement rates and \$13,258 more for operating expenses based on prior year expenditures. The Governor shifts \$25,740 of restricted receipts expenses from personnel to operating.*

### **Insurance Regulation**

**Salaries and Benefits.** The Department requests \$4.5 million from all sources for salaries and benefits for 38.0 full-time equivalent positions for the Insurance Regulation Division. The Department's request maintains the director of consumer protection and education programs position in FY 2013; however, does not include funding for the position. This position is funded through a federal rate review grant in FY 2012.

The request adds \$143,851, including \$139,450 from general revenues to restore turnover savings included in the enacted budget. Excluding the restoration of the turnover savings, the Department's request includes \$352,473 more than enacted from all sources for updated benefit rates consistent with FY 2013 planning values, including \$338,175 from general revenues.

The Insurance Regulation Division conducts financial and market examinations of domestic chartered companies and monitors foreign companies chartered by the state to determine the financial solvency and market compliance with the state insurance code. This program also contains the Office of the

Health Insurance Commissioner, which is responsible for the regulation of health insurers and hospital and medical service corporations. The Department anticipates the Insurance Regulation Division will generate \$10.3 million in revenues in FY 2013 from fees and licenses, \$4.5 million more than the total requested amount for the entire Division.

*The Governor recommends \$55,102 less than enacted and \$431,406 less than requested. This includes turnover savings of \$57,008 from maintaining a position vacant for half of the fiscal year and a retirement rate reduction of \$374,297. The Governor eliminates the director of consumer protection and education programs position, for which the Department's request eliminated the funding.*

**Other Operations.** The Department requests \$1.3 million from all sources for all other expenditures. This includes the enacted amount of \$135,218 from general revenues. The FY 2012 enacted budget includes \$28,292 from a federal rate review grant in FY 2012 to purchase office equipment in support of this grant. The request does not include funding in FY 2013 because the grant expires. The Department requests \$1.1 million from restricted receipts or \$140,812 more than enacted for additional actuarial expenses reimbursed by insurance companies. This is based upon a negotiated rate increase with the four actuarial firms the Department currently utilizes for the review of insurance rates. The Department spent \$0.6 million for these services in FY 2010 and \$0.7 million in FY 2011.

*The Governor recommends \$1.2 million for all other operating expenditures, which is \$11,559 less than requested including \$25,027 less from general revenues based on prior year expenditures. The Governor adds \$13,468 of restricted receipt expenses available from retirement savings for operating expenses.*

### **Office of the Health Insurance Commissioner**

**Salaries and Benefits.** The Department requests \$1.5 million from all sources for salaries and benefits for 9.0 full-time equivalent positions for the Office of the Health Insurance Commissioner. The request includes \$0.6 million from general revenues and \$0.9 million from federal sources. This is \$0.4 million more than enacted, including \$0.1 million more from general revenues. Most of the federal funds increase reflects adjustments consistent with the revised request. The remaining \$106,473 is for benefit adjustments consistent with FY 2013 planning values. *The Governor recommends \$66,831 less than enacted and \$419,315 less than requested. This includes turnover savings of \$271,649 equating to 2.5 federally funded positions. The remaining reduction of \$147,666 is consistent with the revised retirement rates.*

**Health Care Reform Grants.** Excluding salaries and benefits, the Department requests \$2.2 million from federal Department of Health and Human Services grants. This includes \$1.4 million to hire consultants to help design and implement a state health insurance exchange. The Department requests that this funding be shifted from FY 2012 to FY 2013 to represent a more accurate purchasing schedule as the development of the exchange is taking longer than previously anticipated.

*The Governor recommends \$0.2 million less than requested based on a revised purchasing schedule developed after the Department's request.*

**Other Operations.** The Department requests \$16,861 from general revenues for all other expenditures, which is \$27,252 less than enacted. Consistent with its revised request, this does not include \$20,000 from general revenues for an intern to conduct research and analysis of health insurance issues and trends. The Department indicates that the additional staffing has eliminated the necessity for the intern position. The increase of federal funds available for the implementation of the

federal healthcare reform allows for the remaining general revenue operating savings. *The Governor recommends \$2,953 less than requested for operating expenses based on prior year expenditures.*

### **Board of Accountancy**

**Staffing and Operations.** The Department requests \$90,007 from general revenues, which is \$80,661 less than enacted, and 1.0 full-time equivalent position for the Board of Accountancy. The request eliminates an administrative officer position. Consistent with the revised request and the enacted budget, the request also includes \$18,215 for state operations.

The Board of Accountancy is an autonomous board that is responsible for the administration of the licensing of certified public accountants, partnerships, corporations, and sole proprietorships. The Department anticipates the Board of Accountancy Division will generate \$230,000 in revenues in FY 2013 from fees and licenses.

*The Governor recommends \$88,185 less than enacted and \$7,524 less than requested, consistent with the revised retirement rates and \$1,521 less for operating expenses based on prior year expenditures. He eliminates the position as requested.*

### **Boards for Design Professionals**

**Staffing and Operations.** The Department requests \$206,812 from general revenues to fund 2.0 full-time equivalent positions and operating expenses to support the Boards for Design Professionals. The request is \$23,535 more than enacted, consistent with benefit rate adjustments per Budget Office instructions. The request also includes \$64,083 from general revenues for all other operating costs.

The Boards for Design Professionals provide administrative support to the following independent boards: the Board of Registration for Professional Engineers, the Board of Registration for Professional Land Surveyors, the Board of Examiners of Landscape Architects, and the Board of Examination and Registration for Architects.

The Department anticipates the Boards for Design Professionals Division will generate \$1.2 million in revenues in FY 2013 from fees and licenses.

*The Governor recommends \$2,439 more than enacted and \$21,096 less than requested. He includes \$15,778 less than requested to reflect the revised retirement rates and \$5,318 less for operating expenses based on prior year expenditures.*



## Department of Labor and Training

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 1,626,414	\$ 1,905,938	\$ 984,397	\$ 779,048
Workforce Development Services	36,033,528	34,810,888	29,765,159	29,716,864
Workforce Regulation and Safety	2,901,435	2,881,080	3,452,626	2,994,552
Income Support	522,153,651	801,782,352	501,535,903	509,496,679
Injured Workers Services	8,555,089	9,164,522	9,156,909	9,151,106
Labor Relations Board	396,538	383,631	417,512	292,185
<b>Total</b>	<b>\$ 571,666,655</b>	<b>\$ 850,928,411</b>	<b>\$ 545,312,506</b>	<b>\$ 552,430,434</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 41,858,958	\$ 42,289,039	\$ 35,478,547	\$ 32,397,853
Contracted Services	4,147,298	5,801,330	3,242,661	3,225,882
<b>Subtotal</b>	<b>\$ 46,006,256</b>	<b>\$ 48,090,369</b>	<b>\$ 38,721,208</b>	<b>\$ 35,623,735</b>
Other State Operations	4,975,312	5,723,993	4,679,434	7,244,485
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	491,183,730	724,534,477	448,277,755	460,117,605
Capital	1,547,594	3,118,233	718,496	528,996
Capital Debt Service	-	25,683,300	18,572,493	18,572,493
Operating Transfers	27,953,763	43,778,039	34,343,120	30,343,120
<b>Total</b>	<b>\$ 571,666,655</b>	<b>\$ 850,928,411</b>	<b>\$ 545,312,506</b>	<b>\$ 552,430,434</b>
<b>Sources of Funds</b>				
General Revenue	\$ 7,575,486	\$ 7,632,540	\$ 8,368,527	\$ 7,640,415
Federal Aid	99,763,402	212,951,110	35,636,074	43,521,074
Restricted Receipts	17,104,361	43,435,879	36,755,074	36,700,976
Other	447,223,406	586,908,882	464,552,831	464,567,969
<b>Total</b>	<b>\$ 571,666,655</b>	<b>\$ 850,928,411</b>	<b>\$ 545,312,506</b>	<b>\$ 552,430,434</b>
<b>FTE Authorization</b>	<b>470.2</b>	<b>470.1</b>	<b>346.1</b>	<b>364.4</b>

**Summary.** The Department of Labor and Training requests \$545.3 million from all fund sources, which is \$26.4 million less than enacted. This includes \$0.8 million more from general revenues, \$64.1 million less from federal funds, \$19.6 million more from restricted receipts, and \$17.3 million less from other funds, which include unemployment and temporary disability insurance funds. The request includes 346.1 full-time equivalent positions, which are 124.1 fewer positions than the enacted level due to anticipated reductions in federal funding for the unemployment insurance and workforce development divisions. The request is \$0.5 million more than the Budget Office's general revenue current services target of \$7.9 million.

*The Governor recommends \$552.4 million, including \$7.6 million from general revenues. This is \$7.1 million more than requested, including \$0.7 million less from general revenues and \$0.1 million less from restricted receipts offset by \$7.9 million more from federal funds and \$15,138 more from other funds. He recommends 364.4 full-time equivalent positions, which is 18.3 more than requested.*

**Staffing Reduction – Unemployment.** The Department requests the elimination of 87.1 full-time equivalent positions from the unemployment insurance division because of the anticipated reduction in available federal funding for staffing and administrative expenses. The Department has not specifically determined which positions would be eliminated on June 30, 2012, but assumes savings of \$8.8 million from federal funds, which is an average of \$101,495 per position. These positions would span all areas of the unemployment insurance division, not just the call center. The Department indicates that if additional funding becomes available, it would eliminate fewer positions. This reduction is about 43 percent of the staffing level included in the enacted budget for the unemployment insurance division.

*The Governor recommends \$0.7 million more than requested and eliminates 18.4 fewer positions than requested; he instead assumes turnover savings of \$1.0 million from maintaining these vacancies. This would allow the Department to more easily fill positions if additional federal funding was to become available; the request assumes no turnover for the unemployment insurance division.*

**Staffing Reduction – Workforce Development.** The Department requests the elimination of 37.0 full-time equivalent positions from the workforce development services program because of the anticipated reduction in available federal funding for staffing and administrative expenses. The Department has not specifically determined which positions would be eliminated on June 30, 2012, but assumes savings of \$3.8 million from federal funds, which is an average of \$101,533 per position. The majority of the reduction would be for positions funded by workforce investment act grant funds. This reduction is about 26 percent of the staffing level included in the enacted budget for the workforce development services program. *The Governor recommends the requested reduction of \$3.8 million from federal funds and 37.0 positions.*

**Labor Relations Board Compensation.** The Labor Relations Board handles labor cases relating to the state, municipalities and quasi-state entities and handles three types of issues: unfair labor practices, accretions, and representations. The Board holds hearings every Tuesday and Thursday from 9 am to noon when there are issues to be heard, except for the month of July. The Board is composed of one chairperson and six members, representing labor, management, local government and the public; there is currently one vacant seat. All board members' terms of service expired August 1, 2008, though they continue to serve since the Governor has not appointed replacements. For FY 2012, the chairman receives a salary of \$15,190 and the remaining five board members receive total salary compensation of \$72,021. The state will also pay \$6,671 for FICA; board members do not receive any benefits.

*The Governor includes Article 23 to eliminate compensation for the board members, effective July 1, 2012 and assumes general revenue savings of \$93,882 in FY 2013. Board members will be reimbursed for traveling, incidental and clerical expenses incurred.*

**All Other Salaries and Benefits.** The Department requests \$35.5 million from all sources for all other salary and benefit requirements for 346.1 full-time equivalent positions. This includes \$3.8 million from general revenues, \$18.3 million from federal funds, \$8.3 million from restricted receipts and \$5.1 million from temporary disability insurance funds. This is \$6.2 million or 14.9 percent more than enacted and includes increases of \$0.6 million from general revenues, \$4.4 million from federal funds, \$0.5 million from restricted receipts, and \$0.8 million from temporary disability insurance funds. The request includes benefit rates consistent with Budget Office planning values and no turnover; the enacted budget contains turnover equivalent to about four full-time equivalent positions and the revised request assumes an additional 10 positions will be kept vacant.

The request includes \$0.3 million more from general revenues than the Budget Office current services estimate, primarily in the workforce regulation and safety division, from filling three positions that are

currently vacant and shifting the costs of 0.6 positions to other programs within the Department. Consistent with the revised request, it includes \$0.3 million more from temporary disability insurance funds, which the Department had requested for FY 2012, but had been excluded in the enacted budget.

*The Governor recommends \$3.7 million less than requested, including \$0.5 million less from general revenues, primarily to reflect the updated retirement rates. He also includes \$0.2 million in turnover savings from maintaining 2.0 vacancies in the Workforce Regulation Services division and 0.1 fewer position than authorized, adjusting for a rounding error, consistent with the revised recommendation.*

**Police and Fire Relief Fund.** The Department requests \$4.3 million from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as the disabled worker. This is \$0.2 million more than enacted and consists of \$3.6 million for pension benefits, which is \$0.1 million more than enacted, and \$0.8 million for education benefits, which is \$0.1 million more than enacted. The request assumes no increases in tuition at the three institutions of higher education in the state and that any increases will be offset by fewer students or pension benefit payments.

*The Governor recommends \$124,150 less than requested, consistent with the revised recommendation and includes Article 16, which creates a review panel to monitor expenditures and make recommendations for rules and regulations allowing the Department to consider income and assets of applicants when determining awards in an effort to limit funding to the FY 2012 revised appropriation.*

**Unemployment Insurance Benefits.** The Department requests \$249.5 million from all fund sources for the payment of unemployment insurance benefits, entirely from the Employment Security Trust Fund since federal funding for benefits will expire before the start of FY 2013. This is \$50.2 million less than the enacted budget, including \$50.4 million less from federal stimulus funds. The request includes \$6.2 million less for regular unemployment insurance benefits paid from the Trust Fund offset by \$5.5 million more for benefit payments for veterans because of the anticipated troop withdrawals from Iraq and Afghanistan and \$0.1 million more than enacted for state employees as a result of layoffs from the exhaustion of federal stimulus funding.

The request is based upon the January 3, 2012 expiration of full federal funding for benefits and the December 31, 2011 expiration of state extended benefits. Subsequently, President Obama signed a two-month extension of federal benefits and federal funding of state extended benefits on December 23, 2011. This extension will not have significant effects on FY 2013; any additional extensions likely will.

For October 2011, the national unemployment rate was 9.0 percent and Rhode Island had a 10.4 percent seasonally adjusted unemployment rate or 58,638 unemployed residents, down from 11.5 percent or 66,317 unemployed residents in October 2010.

The following table shows the available benefit tiers, the maximum number of weeks of benefits for that tier, the funding source, the effective dates and methods, and the expected expiration dates for each tier. The table reflects the most recent extension.

*The Governor recommends \$12.0 million more than requested, including \$7.9 million from federal funds and \$4.1 million more from the Trust Fund reflecting the Department's revised expenditure estimates based upon the December 23, 2011 Congressional extension of federally funded benefits through early March 2012 which will phase out by August 2012.*

Benefits Program	Maximum Weeks	Funding Source	Effective Date	Effective Method	Expires
Regular Benefits	26	100 percent State	N/A	N/A	N/A
Federal Emergency Unemployment Compensation (EUC)	20	100 percent Federal	07/01/08	Signed into law by President Bush, effective in payments made July 6, 2008 (PL 110-252), extended five times, most recently 12/23/2011	2/26/12; Phase-out by 8/18/12
Extended Benefits	13	50 percent Federal and 50 percent State	07/06/08	Triggered by 3 month average total unemployment rate of 6.5% or higher and 110% of rate in same period in any of last 2 years. 100 percent federal funding with 3-year lookback through 3/10/2012	Trigger off; 3/4/2012
High Extended Benefits	7	50 percent Federal and 50 percent State	11/09/08	Triggered by 3 month average total unemployment rate of 8.0% or higher and 110% of rate in same period in any of last 2 years. 100 percent federal funding with 3-year lookback through 3/10/2012	Trigger off; 3/4/2012
Extension of Federal Emergency Unemployment Compensation (EUC2)	14	100 percent Federal	11/21/08	Signed into law by President Bush (PL 110-449), extended five times, most recently 12/23/2011. Original passage included 13 weeks, the 11/6/09 extension added 1 week	3/4/12; Phase-out by 8/18/12
Extension of Federal Emergency Unemployment Compensation (EUC3)	13	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended five times, most recently 12/23/2011	3/4/12; Phase-out by 8/18/12
Extension of Federal Emergency Unemployment Compensation (EUC4)	6	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended five times, most recently 12/23/2011	3/4/12; Phase-out by 8/18/12
Total Possible Benefit Weeks	99				

**Employment Security Fund.** The Department requests \$18.6 million from the Job Development Fund for the payment of the interest the state is estimated to owe on September 30, 2012 on its outstanding federal loans for the payment of unemployment insurance benefits. This includes \$12.0 million for the interest payment and \$6.6 million for the payment of principal. The enacted budget contains \$10.0 million for the interest payment; however, the interest due on September 30, 2011 was only \$7.1 million. Consistent with the revised request, the Department requests authorization for remainder of the estimated balance of the account through June 2013 for use to pay down the principal if it feels it makes sense to do so. The Department does not have a specific plan for repaying the principal, but requests all of the estimated available funds for the opportunity to make payments.

[Staff note: The Department indicated that it needs to carry forward at least \$5.0 million into FY 2013 to ensure there are sufficient funds in the account for the September 2012 payment, which is currently estimated to be \$12.0 million. The interest payment in September 2013 is currently estimated to be about \$10.0 million, thus the Department must carry forward at least \$4.2 million into FY 2014 to ensure there are sufficient funds for the required interest payment.]

The state's balance on the federal loans is \$212.7 million as of December 15, 2011. The state has borrowed approximately \$378.0 million from the federal government for the payment of benefits and repaid about \$174.2 million in principal and interest. The 2010 Assembly enacted legislation that converted the 0.3 percent surtax that employers would have had to pay beginning January 1, 2011 to a 0.3 percent increase in the Job Development Fund assessment to be used solely to pay the principal and interest on the loans. The surtax could only be used to repay the principal, but the assessment increase can be used to repay interest and the principal on the loans.

*The Governor recommends funding as requested, authorizing the expenditure of the additional \$6.6 million in estimated available revenues for the payment of the principal for the state's federal unemployment insurance loans in FY 2013.*

**Unemployment Insurance Administration.** The Department requests \$2.3 million from all sources for the administration and operations of the unemployment insurance program, excluding salaries and benefits and information technology expenditures. The request includes \$1.8 million from federal funds and \$0.5 million from restricted receipts from the Tardy and Interest Fund and is \$33,101 more than enacted. The request includes \$0.7 million for printing and postage expenses, \$0.5 million for legal services, \$0.5 million for centralized state services and communications expenses, \$0.3 million for various maintenance and lease expenses and \$0.3 million for all other operating expenditures. *The Governor recommends \$0.8 million more than requested, primarily from federal funds, to show non-general revenue sources available from the retirement savings for this program.*

**Trade Readjustment Assistance Program.** The Department's FY 2013 budget request includes \$7.2 million from federal Trade Readjustment Assistance Act funds, \$1.4 million more than enacted to support initiatives that help workers from Rhode Island companies who lost their jobs due to the adverse impact of foreign trade. The request includes \$2.0 million for the distribution of weekly trade readjustment allowances and \$5.2 million for programs oriented to assist qualified workers to obtain competitive levels of education, including contracted providers to instruct and train these workers and out of pocket reimbursement costs while training.

The Department's FY 2013 request includes carry-forward funding from FY 2012; the Department indicates it is more likely to spend the additional funding in FY 2013. This is reflected in these grant and benefit payments and transfers to the three institutions of higher education, discussed separately.

Someone eligible for these benefits must first exhaust all of their unemployment insurance benefits before becoming eligible for this program. Because these other programs take precedence, there have been fewer claims over the past several years. The request is based upon the January 3, 2012 termination of federal benefit extensions and the December 31, 2011 termination of state extended benefits, resulting in an increase in newly-eligible people wanting to obtain training benefits in order to find employment. *The Governor recommends funding as requested.*

**Workforce Investment Act Grants.** The request includes \$4.8 million from federal Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This is \$4.7 million less than enacted and \$6.5 million less than the revised request. The Department assumes a 20 percent funding reduction in FY 2012 and again in FY 2013 based on preliminary Congressional decisions. It also shifts funding from training grants to operating expenses at the one-stop centers to increase operating capabilities there, where the department feels the resources are in greater need, resulting in a 49.2 percent reduction to the enacted level for grant expenditures. The request is comprised of \$2.4 million for youth programs, \$1.2 million for dislocated workers and \$1.2 million for adult programs. *The Governor recommends funding as requested.*

**Human Resource Investment Council Grants.** The Department requests \$4.9 million from restricted receipts or \$368,398 more than enacted to support initiatives of the Governor's Workforce Board through the Human Resource Investment Council. The Department anticipates increased revenues through increased employment and adjusted grant expenditures accordingly. The request assumes the transfer of \$3.5 million to the Rhode Island Department of Education for adult education programming, which is \$2.3 million less than the enacted level of \$5.8 million in FY 2012, assuming that the increase in funding for adult education in FY 2012 is a one-time increase. The Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. *The Governor recommends funding as requested.*

**Pawtucket NetWorkRI Office.** The Department requests \$0.4 million less from federal funds for rental costs for the Pawtucket NetWorkRI office, located at 175 Main Street. Because of the anticipated reduction in federal funding available to the Department in FY 2013, its request assumes closing this location when the lease ends in April 2012. The 15 staff members will be transferred to the remaining four NetWorkRI locations in Providence, Wakefield, West Warwick and Woonsocket. The Department is working with the Department of Administration's Division of Facilities Management to determine if space is available elsewhere in Pawtucket for the office to maintain a presence and continue to provide services, even if on a smaller scale.

NetWorkRI locations provide employment services, such as access and referral to employment and training programs, skills assessments, employment counseling, interview preparation assistance, local and national job listings and a resource area with copiers, fax machines, telephones and computer work stations. Services are available free of charge to anyone seeking employment or information. *The Governor recommends funding as requested. The Department is in discussions with the Department of Human Services and the City of Pawtucket to maintain a presence in the city while operating within the available federal funding.*

**Workforce Development Services Operations.** The Department requests \$1.6 million from all sources for administration and operations of the workforce development services program, excluding salaries and benefits and information technology expenditures. This includes \$1.5 million from federal funds and \$0.1 million from restricted receipts; it is \$81,652 less than enacted. The request includes \$45,900 less from other funds for the Shared Youth Vision program, for which the Department anticipated level funding from FY 2011 in FY 2012, but the grant was not renewed. *The Governor recommends \$1.0 million more than requested, primarily from federal funds to show non-general revenue sources available from the retirement savings for these programs.*

**Temporary Disability Insurance Benefits.** The Department requests \$175.0 million from the Temporary Disability Insurance Fund, which is \$10.0 million more than enacted for the payment of temporary disability insurance benefits that protect eligible workers against wage loss resulting from a non-work related illness or injury. The request is based on the unemployment rate decreasing slightly, thus more people returning to work, and more people potentially eligible for this program, combined with increasing medical and pharmacy costs. The Department spent an average of \$167.0 million per year from FY 2007 through FY 2009, \$157.3 million in FY 2010, \$156.8 million in FY 2011 and has spent \$52.7 million through December 9, 2011. *The Governor recommends funding as requested.*

**Temporary Disability Insurance Administration.** The Department requests \$0.7 million from the Temporary Disability Insurance Fund, which is \$0.1 million less than enacted for administration and operations of the temporary disability insurance program, excluding salaries and benefits and information technology expenditures. *The Governor recommends \$0.4 million more than requested to show non-general revenue sources available from the retirement savings for this program.*

**Senior Community Service Employment.** The Department requests \$480,980 from federal funds to support the Senior Community Service Employment program, which is \$162,238 less than enacted. This is the annual grant award and assumes no funding will be carried forward into FY 2013. The Department was able to secure the general revenue match through the vendors in FY 2013, consistent with the FY 2011 revised and FY 2012 budgets. *The Governor recommends funding as requested.*

**Workers' Compensation Administration Fund.** The Department requests \$2.1 million, or \$110,000 more than enacted, from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. The Department assumes slightly decreased

utilization with increased costs per case. The program receives funds from the Workers' Compensation Administrative Fund as needed to support operating expenditures, medical costs, court settlements, and other compensation. The fund provides for continuance of compensation and medical expenses payments at prevailing rate to certain employees who, subsequent to January 1, 1940, have suffered a work related injury resulting in total incapacity. The payments must be made until the incapacity has ended, settled or the individual dies. *The Governor recommends funding as requested.*

**Workers' Compensation Operations.** The Department requests \$2.1 million from restricted receipts, which is \$15,999 less than enacted, for administrative and operating expenses for the Workers' Compensation program, excluding salaries and benefits and information technology expenditures. This includes \$1.5 million for doctors, dentists, nurses and other medical services provided at the Donley Rehabilitation Center, \$0.2 million for software maintenance contracts, \$0.1 million for printing and postage, \$0.1 million for insurance needs and \$0.3 million for all other general office and operating expenses, including utilities, interpreters and translators, and security expenses. *The Governor recommends \$0.4 million more than requested to show non-general revenue sources available from the retirement savings for these programs.*

**Capital Improvements.** The Department requests \$500,000 from Rhode Island Capital Plan funds for a series of ten asset protection projects at the Center General Complex. This is \$478,500 less than enacted and \$412,830 less than the capital budget request, discussed in the Capital Section of this analysis. The Department does not request any funding for the roof replacement project since it is expected to be completed in FY 2012. *The Governor recommends \$310,500 or \$189,500 less than requested for the asset protection projects.*

**Information Technology and Computer Equipment.** The Department requests \$1.1 million from all funding sources for information technology expenses departmentwide, which is \$1.0 million less than enacted, primarily from the exhaustion of federal stimulus funding for various upgrades to unemployment insurance operation systems. The request includes \$22,249 from general revenues, \$0.8 million from federal funds, including \$0.7 million for unemployment insurance operations and \$0.1 million for workforce development services operations, \$0.2 million from restricted receipts, primarily for the workers' compensation program and \$0.1 million from temporary disability insurance funds.

The request is \$3.7 million less than the FY 2012 revised request, \$1.0 million less than the FY 2012 enacted level, \$2.6 million less than FY 2011 expenditures and \$0.7 million less than FY 2010 expenditures. It appears that the majority of the major technology purchases has been made in the past several years or is planned for the current fiscal year. *The Governor recommends \$283 less than requested from general revenues for the Labor Relations Board, keeping expenses consistent with the enacted level and the revised recommendation.*

**Operating Transfers.** The Department's request includes \$34.3 million for expenditures classified as "operating transfers," which is \$16.4 million more than enacted. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and unemployment insurance funds and among state agencies, such as transfers from the Department to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies.

[Staff note: The \$10.0 million for the interest payment on the federal unemployment insurance loans is budgeted here as an operating transfer in the enacted budget. The revised request and FY 2013 request shift the interest payment to a debt service account, which makes it appear that there is less of a change to the enacted than there actually is.]

*The Governor recommends \$4.0 million less than requested, eliminating a transfer to allow special unemployment insurance administrative funding specifically designated for technology upgrades that the Department will spend in FY 2012, but inadvertently also requested for FY 2013.*

Transfers to RI Higher Education. The request includes transfers of \$0.7 million from federal funds, \$0.6 million less than enacted to the three Rhode Island institutions of higher education. This includes \$0.5 million or \$0.2 million less from Trade Readjustment Act funding as well as \$0.1 million from the Workforce Investment Act Fund, which is \$0.4 million less than enacted. There have been fewer eligible individuals in the training programs because of the unemployment insurance benefit extensions and increased use of other grant and training programs not hosted by one of these three schools.

The request includes \$0.5 million for programs at the community college, \$0.2 million for the college and \$0.1 million for the university. They are reimbursed for classes attended by Workforce Investment Act and Trade Adjustment Act clients for training and certificate programs offered by these institutions. *The Governor recommends funding as requested.*

Unemployment Benefits Owed to Other States. The Department's request includes \$10.0 million from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, which is \$4.6 million less than enacted, based on year to date transactions. This is just the amount that Rhode Island reimburses other states for paying benefits on the state's behalf; there is also a corresponding revenue item in the Rhode Island Office of the General Treasurer for reimbursements from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommends funding as requested.*

Other Unemployment Insurance Funding. The Department requests the transfer of \$4.0 million from the Employment Security Trust Fund to the General Fund in order to spend special unemployment insurance administrative funding specifically designated for technology upgrades. It later indicated that these funds will be spent in FY 2012 and this transfer is not necessary. *The Governor does not recommend this funding.*

Temporary Disability Insurance Transfers. The request includes \$1.0 million, which is \$1.0 million less than enacted, from temporary disability insurance funds transferred to the Department of Revenue to support the employer tax unit and Department of Administration for debt service. This is \$0.7 million less than FY 2011 expenditures and \$0.1 million more than the revised request. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$0.3 million, primarily from general revenues for all other operations, which is \$4,355 less than enacted. The request includes \$0.2 million for the workforce regulation and safety division, \$0.1 million for central management, \$46,783 for the Labor Relations Board and \$9,970 for the Police and Fire Relief and Trade Adjustment Assistance programs. Expenses include \$0.1 million for postage and printing, \$0.1 million for legal services and \$0.1 million for all other general office expenses. *The Governor recommends \$7,132 more than requested, including \$16,496 less from general revenues and \$23,628 more from restricted receipts. General revenue reductions include legal, stenographic, and security services, consistent with the revised recommendation and he adds restricted receipts to show non-general revenue sources available from the retirement savings for these programs.*

## Department of Revenue

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Office of Director	\$ 784,261	\$ 777,266	\$ 856,117	\$ 783,388
Office of Revenue Analysis	435,910	427,198	591,381	538,285
Lottery Division	218,537,728	227,839,412	219,362,415	232,744,968
Division of Municipal Finance	1,902,940	2,585,366	1,772,747	2,064,780
Taxation	20,591,488	20,718,372	27,314,756	21,308,038
Registry of Motor Vehicles	18,876,707	20,050,072	20,866,548	19,868,568
State Aid	55,547,364	58,063,582	62,683,092	56,033,396
<b>Total</b>	<b>\$ 316,676,398</b>	<b>\$ 330,461,268</b>	<b>\$ 333,447,056</b>	<b>\$ 333,341,423</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,021,057	\$ 38,875,871	\$ 43,005,919	\$ 40,244,168
Contracted Services	2,353,053	2,762,171	2,020,252	2,160,252
<b>Subtotal</b>	<b>\$ 40,374,110</b>	<b>\$ 41,638,042</b>	<b>\$ 45,026,171</b>	<b>\$ 42,404,420</b>
Other State Operations	219,549,825	228,728,990	219,505,740	233,671,554
Aid to Local Units of Government	55,547,364	58,063,582	62,683,092	56,033,396
Assistance, Grants, and Benefits	13,650	13,650	13,650	13,650
Capital	916,750	1,727,870	5,913,397	913,397
Capital Debt Service	-	-	-	-
Operating Transfers	274,699	289,134	305,006	305,006
<b>Total</b>	<b>\$ 316,676,398</b>	<b>\$ 330,461,268</b>	<b>\$ 333,447,056</b>	<b>\$ 333,341,423</b>
<b>Sources of Funds</b>				
General Revenue	\$ 92,610,905	\$ 96,485,682	\$ 103,414,859	\$ 94,991,752
Federal Aid	2,636,059	2,163,747	2,559,866	2,563,909
Restricted Receipts	1,861,496	2,200,567	1,918,938	1,921,682
Other	219,567,938	229,611,272	225,553,393	233,864,080
<b>Total</b>	<b>\$ 316,676,398</b>	<b>\$ 330,461,268</b>	<b>\$ 333,447,056</b>	<b>\$ 333,341,423</b>
<b>FTE Authorization</b>	<b>434.5</b>	<b>449.0</b>	<b>449.0</b>	<b>458.0</b>

**FY 2013 Summary.** The Department of Revenue requests expenditures of \$333.4 million for FY 2013, \$16.8 million more than enacted. This includes increases of \$10.8 million from general revenues, \$0.1 million from restricted receipts, \$6.0 million from other funds and a reduction of \$0.1 million from federal funds. The Department requests staffing authorization of 449.0 full-time positions, 14.5 positions more than enacted and is consistent with the FY 2012 revised request.

The Budget Office provided the Department with a general revenue target of \$103.0 million. The budget submitted by the agency is \$438,890 above the target, which includes expenditures of \$0.9 million for new positions that were not part of the current service calculation.

*The Governor recommends total expenditures of \$333.3 million from all funds, including \$95.0 million from general revenues. This is \$0.1 million less than requested, including \$8.3 million more other*

*funds, offset by \$8.4 million less general revenues. He recommends staffing of 458.0 positions for FY 2013, 23.5 more than the authorized level. Consistent with the revised budget, he includes 14.5 new positions in the Division of Motor Vehicles; he also adds 6.0 investigative auditors in the Division of Municipal Finance, 4.0 tax investigators and the elimination of a vacancy in the Division of Taxation.*

### **Office of the Director**

**Staffing and Operations.** The Department requests \$856,117 from general revenues to fund salaries and benefits for 6.0 full-time positions and operating expenses in the Office of the Director, which oversees overall operation of the Department. The Office of the Director is comprised of two units; director of revenue and legal services. Salary and benefit costs are \$65,750 or 7.8 percent more than enacted for step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The staffing request is consistent with the authorized level and as of pay period ending November 5, 2011, the Office had no vacancies. The request does not include any turnover savings, for which the enacted budget assumed \$15,486. Salary and benefit costs are \$9,594 less than the current service calculation due to an employee's selection of medical package compared to the enacted budget.

Operating costs reflect an increase of \$6,106, of which \$3,000 is for the lease of a copy machine and \$3,106 is for a legal research subscription. *The Governor recommends \$72,729 less than requested, primarily to reflect the updated retirement rates.*

### **Office of Revenue Analysis**

**Staffing and Operations.** The Department requests \$591,381 from general revenues, of which \$531,679 is to fund salaries and benefits for 4.0 full-time positions in the Office of Revenue Analysis. The Office is responsible to analyze, evaluate, and appraise the tax system of the state. The request is \$155,471 more than enacted, of which \$0.1 million is to restore turnover savings to fill a senior revenue analyst position and \$52,943 is for step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions.

Consistent with the enacted and the revised budgets, the request includes \$59,702 for operating expenses, of which \$40,000 is to update and maintain the sales and use tax simulation model. The request is consistent with the current service target.

*The Governor recommends \$53,096 less than requested, including \$43,096 from salaries and benefits to reflect the updated retirement rates. Consistent with the revised budget, the recommendation includes \$10,000 less to update the sales and use tax simulation model based on historical expenditures.*

### **Division of Municipal Finance**

**Central Falls Receivership.** The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns. The request includes general revenue expenditures of \$0.3 million or \$0.4 million less than enacted, of which \$0.2 million is due to reduced costs for legal services that are provided by Orson and Brusini and Edwards, Angell, Palmer and Dodge relating to the receivership. The remaining \$0.2 million is to reflect elimination of funding for the state appointed receiver. The FY 2013 request assumes that expenditures for the state appointed receiver will cease in FY 2012. *The Governor recommends funding as requested.*

**Municipal Investigative Auditors.** The Department requests \$51,356 in FY 2012 and \$0.1 million in FY 2013 from general revenues to fund a new investigative auditor, effective January 2012 in the Division of Municipal Finance. The position will be responsible for analyzing municipal audits as it relates to pension and other post employment benefit obligations to determine the fiscal health of municipalities. The position will also be responsible for reviewing municipal accounting procedures and train staff members in the use of accepted auditing principles. The Division indicates that the position will also help in compiling some of the reporting requirements that the 2011 Assembly adopted. As of pay period ending November 5, 2011, all of the Division's positions were filled. *The Governor concurs and recommends an additional \$0.4 million to fund 5.0 more municipal investigative auditor positions.*

**Other Staffing and Operations.** Excluding items mentioned above, the Department requests \$1.4 million from general revenues to fund salaries and benefits for 10.0 full-time positions and operating expenses for the Division of Municipal Finance, \$150,121 more than enacted. Operating costs reflect an increase of \$3,000 for the publication of the Directory of City and Town Officials, which is printed biennially.

Salaries and benefits reflect an increase of \$147,121, of which \$35,678 is to restore the enacted amount of turnover savings. Accounting for this adjustment, salary and benefit costs are 10.4 percent more than enacted for step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The total request is \$49,556 more than the current service target due to the restoration of budgeted turnover savings. As of pay period ending November 5, 2011, all of the Division's authorized positions were filled. *The Governor recommends \$0.1 million less than requested to reflect the updated retirement rates.*

### **Local Aid**

**Payment in Lieu of Taxes.** The Department requests \$39.7 million to fully fund the Payment in Lieu of Taxes program at the current law allowance of 27.0 percent in FY 2013, \$6.6 million more than enacted. The appropriation for the program has been level funded since FY 2008 when funds represented 25.0 percent of the amount that would have been due. With no additional funding, that had fallen to 21.1 percent in FY 2011. The 2011 Assembly provided an additional \$5.5 million for total funding of \$33.1 million in FY 2012, which represents a reimbursement of 23.4 percent. This program reimburses cities and towns for property taxes that would have been due on real property owned by private nonprofit educational institutions of higher education, 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.

[Staff Note: The estimate was based on preliminary data. Subsequently, the Division of Municipal Finance indicated that an additional \$2.0 million would be required for a total of \$41.7 million to fund the program at the current law requirement.]

*The Governor recommends \$33.1 million to fund the Payment in Lieu of Taxes program at the enacted level. Distributions to communities reflect updated data and a ratable reduction to the appropriation. The recommendation is \$8.6 million less than the current law allowance and represents a reimbursement of 21.4 percent of the value.*

**Distressed Communities Relief Fund.** The Department requests the enacted amount of \$10.4 million to level fund the Distressed Communities Relief program in FY 2013. 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 to be eligible for assistance under the program.

The 2005 Assembly also mandated that 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's full funding. The 2009 Assembly enacted legislation to make the program permanently subject to appropriation.

*The Governor recommends \$10.4 million to fund the Distressed Communities Relief Program at the enacted amount. Communities' aid distribution is based on updated qualifying tax levies. Updated data shows that Cranston now qualifies for distressed aid in FY 2013.*

**Motor Vehicles Excise Tax Program.** The Department requests the enacted amount of \$10.0 million to level fund the Motor Vehicles Excise Tax program in FY 2013. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Assembly also removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also allowed for rates to be lowered from the current frozen levels. The Assembly restored the authority for fire districts to levy a motor vehicles excise tax. *The Governor funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million.*

**Property Revaluation Reimbursements.** The Department requests expenditures of \$1.6 million to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2013. This is \$0.5 million more than enacted to reflect anticipated expenses. Expenditures fluctuate annually; they were \$0.7 million in FY 2011, \$1.5 million in FY 2010 and \$1.0 million in FY 2009. The following communities are scheduled to conduct revaluations in FY 2013: East Providence, Little Compton, Providence, Scituate, Warren, Warwick and Westerly. *The Governor recommends funding as requested.*

## Lottery Division

**Staffing.** The Department's request includes \$6.0 million from Lottery funds to support 53.0 full-time positions within the Lottery Division, \$0.7 million more than enacted. The request restores the enacted amount of \$0.1 million in turnover savings. Adjusting for this, salary and benefit costs are 10.4 percent more than enacted for step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. As of pay period ending November 5, 2011, the Division had 4.0 vacancies and 2.0 positions are pending approval to be filled.

*The Governor recommends \$0.1 million more than enacted, which is \$0.6 million less than requested. This includes \$0.5 million less to reflect the updated retirement rate change based on adopted pension reform, and \$0.1 million for turnover savings.*

**Operations.** Excluding salaries and benefits, the Department requests FY 2013 expenditures of \$213.3 million from Lottery funds for all other operating expenses for the Lottery Division, \$167,531 more than enacted and \$15,872 more than the FY 2012 revised request. This includes \$142,870 to purchase five vans and one car. The Department indicates that in recent years, the Lottery Division has attempted to replace one-third of its fleet each year in an effort to keep maintenance costs at a

minimum. The last replacement occurred in FY 2009. The request also includes an additional \$24,661 for the costs of the State policeman assigned to the Division. Consistent with the enacted budget and the revised request, the FY 2013 request includes \$205.1 million for lottery commission payments.

*The Governor recommends funding as requested and includes an additional \$13.9 million for lottery commission payments based on estimated changes in lottery collections. The recommendation includes a total of \$219.1 million for commission payments.*

## **Division of Taxation**

**Integrated Tax System.** Consistent with its capital budget, the Department requests \$5.0 million from Rhode Island Capital Plan funds in FY 2013 for an integrated tax system, which would store all taxpayer information into one centralized computer system. The project's total cost is \$25.0 million. The system would replace the current tax system and includes the following functions: single registration of taxpayers, consolidated filing of employers' taxes, automated data capture, view of financial history and consolidated billing of business tax liabilities and others. Currently, the Division of Taxation uses several different computer programs to process tax returns, bill taxpayers and collect liabilities. The Division indicates that some of its current systems were originally written decades ago, though some of the systems have been rewritten; however, maintenance is expensive. The 2011 Assembly did not concur with the Governor's recommendation to provide Rhode Island Capital Plan funds for information technology projects. Rhode Island Capital Plan funds have been limited to use on physical assets.

*The Governor includes legislation, consistent with the debt management act, contained in Article 7 of 2012-H 7323 to borrow \$25.0 million from Certificates of Participation. Annual debt service would be \$3.1 million for 10 years and be paid from general revenues. The capital plan assumes use of \$5.0 million annually from FY 2013 through FY 2017.*

**Elimination of Tax Preparation Services.** During the tax season, the Division of Taxation allocates four to six revenue agents to provide tax preparation services. In the off season, one or two revenue agents are assigned this task. Taxpayers have received free tax preparation services from the Division for the past 20 years. In 2011, approximately 6,000 taxpayers obtained this service from the Division. The American Association of Retired Persons provides tax assistance and filing services to individuals over age 60. The Internal Revenue Services' Volunteer Income Tax Assistance program also provides tax assistance to low income individuals.

*The Governor proposes to stop providing tax preparation services to the taxpayers and reclassify 2.0 positions to the audit staff. He assumes the redirected efforts will produce revenues of \$1.3 million.*

**Cigarette Tax Enforcement Staffing.** The Division currently has one full-time position dedicated to cigarette tax enforcement. In FY 2008 and FY 2009, he conducted 500 road inspections and 200 in FY 2010. In FY 2011, the inspector was working on a case in conjunction with the State Police that required a great deal of his time and therefore no road inspections were performed. As of January 2012, no inspections have been done. This position is also responsible for reviewing sales tax licenses for cigarettes and conducting hearings for individuals who have been sited or found with counterfeited products. The Department did not request any changes. *The Governor recommends \$0.3 million to fund 4.0 additional tax investigator positions to increase cigarette tax enforcement. He assumes \$2.9 million in additional revenues would be generated from this.*

**Other Staffing.** The Department requests \$20.0 million from all sources of funds for salary and benefit costs for 203.0 full-time positions, 1.0 fewer position than enacted to reflect the elimination of a

vacancy. The request is \$1.7 million or 9.4 percent more than enacted, including \$1.5 million more general revenues for step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. The request assumes 6.0 percent or \$1.1 million in turnover savings for which the enacted budget included \$1.0 million. As of pay period ending October 8, 2011, the Division had 15.0 positions vacant and 6.0 positions have been approved to be filled in November, which will bring vacancies to 9.0 positions.

Based on the Division's cost of \$95,599 per position, 11.6 positions would have to remain vacant in order for the budgeted turnover savings to be achieved. The Department indicates that it is aware that the amount budgeted may not be achievable; however, it had to submit a budget as close to the current service as possible. Though the request is \$119,424 more than the current service target, it is to reflect step increases or promotions due to service time qualifications. The request includes the enacted amount of \$145,500 for overtime expenses and \$151,797 for seasonal employees.

*The Governor recommends \$1,090 more than enacted, which is \$1.6 million less than requested. This consists of \$0.2 million in additional turnover savings and savings to reflect the updated retirement rates.*

**Tax Amnesty Expenses.** Funding for this was not included in the Department's request. The Governor proposes legislation in Article 24 of 2012-H 7323 to provide for a 75-day tax amnesty effective September 1 through November 15, 2012 for all taxes owed for periods on or before December 31, 2011. Filers will not be subject to penalties or prosecution and will pay 12.0 percent interest from the date the taxes were owed until payment. Filers may enter into a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25.0 percent the following month, and 25.0 percent the month after that. The FY 2013 recommended budget assumes \$10.9 million in one-time revenues. *The Governor recommends expenditures of \$0.3 million for expenses relating to the tax amnesty.*

**Taxation Imaging System.** The Department requests new expenditures of \$90,000 from general revenues to purchase equipment and software to image, store and retrieve paper returns for personal income tax. The Department indicates that this imaging system will provide the Division with faster access to returns, which will reduce the time needed to resolve issues pertaining to paper returns. The system will also reduce the need to store paper documents offsite. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$2.2 million from all funds for all other operating expenditures for the Division of Taxation. This is \$86,546 less general revenues than the enacted budget, including a savings of \$106,770 from printing. The Division has a cooperative agreement with the Department of Health's print shop to print documents on an as needed basis. Since this agreement, actual printing costs have dropped from \$684,004 in FY 2006 to \$144,159 in FY 2011. The Department projects expenditures of \$134,500 for FY 2012 and FY 2013. The total request is \$0.2 million more than FY 2011 reported expenses and is \$18,671 more than FY 2012 revised expenses. *The Governor recommends \$173,007 more than requested, primarily to reflect available funds from retirement savings budgeted for unidentified expenses.*

## Registry of Motor Vehicles

**Strategic Plan.** The Department's request reflects the elimination of \$30,000 budgeted in FY 2012 for a one-time expense to obtain services for the development of a strategic plan. In early 2011, an assessment of the operations of the Division by the then interim administrator identified the need for additional personnel. The Governor requested an amendment to his original budget to provide \$2.4 million to fund 25.0 full-time positions and consultant services for the Computer Modernization project. The Assembly did not concur with this plan but provided \$0.3 million to fund 2.0 full-time positions and consultant services for the Division to develop a strategic plan to enhance customer services. In October, the Division indicated that it was still in the process of drafting the bid specifications for the Request for Proposal for a business consultant to make recommendations to reduce wait times. It has filled the 2.0 positions that the Assembly provided funding for and proposed a plan to hire an additional 14.5 positions starting October 24, 2011; before the completion of the strategic plan.

*The Department indicates that it does not expect to have the strategic plan completed in FY 2012 and that it plans to request a reappropriation in FY 2013. The Governor recommends funding consistent with the enacted budget.*

**New Positions.** The Division requests \$0.6 million in FY 2012 and \$0.8 million in FY 2013 from general revenues to fund 14.5 new positions in the Division of Motor Vehicles to enhance services by reducing wait times at the Cranston Headquarters. The positions primarily consist of customer service representatives and data entry clerks. The Department indicates that 14 of the requested positions were filled. As of pay period ending October 8, the Division had 10.5 vacancies. It appears that current vacancies elsewhere within the Department are being used so as not to exceed the authorized level. During the FY 2012 budget consideration, the Governor proposed a plan to add 25.0 full-time positions to reduce wait times at the Registry. The Assembly did not concur with his proposal but provided funding for the development of a strategic plan. *The Governor recommends funding as requested, with the exception of \$0.1 million to update the retirement rates.*

**Other Staffing.** Excluding items mentioned above, the Department requests \$13.5 million from all sources of funds and staffing of 157.5 full-time positions. The request is \$1.3 million or 10.5 percent more than enacted and staffing consistent with the enacted and revised budgets. The request includes step increases and benefit changes, including the retirement rate increase to reflect FY 2013 planning values consistent with Budget Office instructions. All but \$4,181 of the increase is from general revenues. The enacted budget assumes turnover savings of \$0.4 million, the request appears to restore \$0.2 million of that. The request includes \$0.2 million for overtime, which is \$118,550 less than enacted and is \$481,010 less than the current service target due to a delay in implementation of the new computer system. The Department indicates that the reduction in overtime from the enacted amount is due to the addition of the requested 14.5 positions.

*The Governor recommends \$0.9 million less general revenues than requested to reflect updated retirement rates.*

**Lifts Replacement.** The Department's FY 2013 through FY 2017 capital budget includes a total project cost of \$0.3 million from Rhode Island Capital Plan funds to replace a total of three heavy duty lifts within the safety and emission control inspection garage. Consistent with the capital request, the Department includes expenditures of \$0.1 million in FY 2013 to replace one lift. Over 3,600 safety inspections on school buses are conducted annually. The Department indicates that the lifts have been in service for more than 15 years and are now requiring maintenance on a frequent basis. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$6.5 million for all other operating expenses for the Division of Motor Vehicles, \$0.2 million less than enacted including \$38,382 from general revenues, \$162,854 from federal funds and a slight reduction from restricted sources. Consistent with the revised request, the Department includes an additional \$75,000 for license plate printing, \$71,014 for mailing licenses to reflect historical spending patterns, and new expenditures of \$17,000 to purchase a copy machine. The request also includes savings from printing costs, security services, and software maintenance to reflect a delay in implementing the new computer system. *The Governor recommends funding as requested.*

## Legislature

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
General Assembly	\$ 6,688,000	\$ 6,725,525	\$ 5,992,075	\$ 5,992,075
Fiscal Advisory Staff	1,635,480	1,655,367	1,863,431	1,716,852
Legislative Council	4,431,511	5,002,920	5,589,404	5,172,818
Joint Comm. on Legislative Affairs	20,135,464	23,105,669	23,709,969	22,088,452
Office of the Auditor General	5,293,036	5,168,046	5,850,435	5,540,450
Special Legislative Commissions	13,761	13,900	13,900	13,900
<b>Total</b>	<b>\$ 38,197,252</b>	<b>\$ 41,671,427</b>	<b>\$ 43,019,214</b>	<b>\$ 40,524,547</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 31,940,521	\$ 33,222,224	\$ 37,208,474	\$ 34,580,950
Contracted Services	1,348,400	1,290,700	538,850	538,850
<b>Subtotal</b>	<b>\$ 33,288,921</b>	<b>\$ 34,512,924</b>	<b>\$ 37,747,324</b>	<b>\$ 35,119,800</b>
Other State Operations	2,351,131	3,105,603	2,616,390	2,749,247
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,800,000	2,300,000	2,300,000
Capital	257,200	1,252,900	355,500	355,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 38,197,252</b>	<b>\$ 41,671,427</b>	<b>\$ 43,019,214</b>	<b>\$ 40,524,547</b>
<b>Sources of Funds</b>				
General Revenue	\$ 36,548,053	\$ 40,022,474	\$ 41,259,183	\$ 38,764,516
Federal Aid	-	-	-	-
Restricted Receipts	1,649,199	1,648,953	1,760,031	1,760,031
Other	-	-	-	-
<b>Total</b>	<b>\$ 38,197,252</b>	<b>\$ 41,671,427</b>	<b>\$ 43,019,214</b>	<b>\$ 40,524,547</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>

**Summary.** The Legislature estimates FY 2013 expenditures of \$43.0 million and 298.5 full-time equivalent positions. This includes \$41.3 million from general revenues and \$1.8 million from restricted receipts and includes funding for statewide salary and benefit adjustments.

*The Governor recommends \$2.5 million less than requested to reflect revised retirement rates based on enacted pension changes. This includes shifting \$0.1 million in restricted receipt funded retirement savings to unidentified operating costs.*



## Office of the Lieutenant Governor

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,066,212	\$ 1,040,608	\$ 1,161,171	\$ 1,065,132
Contracted Services	500	750	750	750
<b>Subtotal</b>	<b>\$ 1,066,712</b>	<b>\$ 1,041,358</b>	<b>\$ 1,161,921</b>	<b>\$ 1,065,882</b>
Other State Operations	22,710	29,367	25,310	36,636
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	750	5,000	1,500	1,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,090,172</b>	<b>\$ 1,075,725</b>	<b>\$ 1,188,731</b>	<b>\$ 1,104,018</b>
<b>Sources of Funds</b>				
General Revenue	\$ 965,940	\$ 951,109	\$ 1,049,254	\$ 962,955
Federal Aid	124,232	124,616	139,477	141,063
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,090,172</b>	<b>\$ 1,075,725</b>	<b>\$ 1,188,731</b>	<b>\$ 1,104,018</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>

**Summary.** The Office of the Lieutenant Governor requests expenditures of \$1.2 million from all sources including \$1.0 million from general revenues and \$139,477 from federal funds. This is \$98,559 more than the FY 2012 enacted budget and includes the enacted level of 8.0 full-time equivalent positions. *The Governor recommends \$1.1 million from all sources of funds, including \$1.0 million from general revenues. This is \$13,846 more than the enacted and \$84,713 less than requested. He includes 8.0 full-time equivalent positions.*

**Affordable Care Act.** The Patient Protection and Affordable Care Act requires states to have a new mechanism for purchasing health insurance coverage called exchanges, established by January 1, 2014. The Office of the Lieutenant Governor is coordinating these efforts in conjunction with the Office of the Health Insurance Commissioner, the Executive Office of Health and Human Services, the Department of Administration and the Office of the Governor. The Office requests \$139,477 from federal sources or \$15,245 more than enacted for salaries and benefits of 1.3 full-time equivalent positions and \$150 from general revenues for operating expenses associated with the Healthcare Reform Commission. With the availability of federal funds to support the implementation of the Affordable Care Act, additional general revenue savings may be achievable. *The Governor recommends \$141,213 which is \$1,586 more than requested due to revised personnel costs.*

**Other Staffing and Operations.** The Office requests \$1.0 million from general revenues for all other staffing and operations, this is \$83,164 more than the FY 2012 enacted amount. The increase reflects step increases and benefit rates consistent with the FY 2013 planning values. The request includes

\$27,410, \$3,450 more than enacted, for all other operating expenses including office and computer equipment. *The Governor recommends \$86,299 less than requested adjusted for updated retirement rates.*

## Office of Secretary of State

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Administration	\$ 2,056,734	\$ 1,955,857	\$ 2,178,756	\$ 2,007,105
Corporations	1,891,380	2,229,122	2,221,091	2,068,731
State Archives	575,933	582,751	615,674	615,368
Elections	1,432,530	1,553,983	2,050,168	2,000,552
State Library	581,844	592,242	627,950	565,216
Office of Public Information	334,439	339,751	400,188	358,884
<b>Total</b>	<b>\$ 6,872,860</b>	<b>\$ 7,253,706</b>	<b>\$ 8,093,827</b>	<b>\$ 7,615,856</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,213,768	\$ 5,184,929	\$ 5,810,337	\$ 5,350,026
Contracted Services	306,125	504,100	264,350	251,600
<b>Subtotal</b>	<b>\$ 5,519,893</b>	<b>\$ 5,689,029</b>	<b>\$ 6,074,687</b>	<b>\$ 5,601,626</b>
Other State Operations	1,109,156	1,294,533	1,783,271	1,812,185
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	136,270	136,270	136,270	102,446
Capital	107,541	133,874	99,599	99,599
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,872,860</b>	<b>\$ 7,253,706</b>	<b>\$ 8,093,827</b>	<b>\$ 7,615,856</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,376,312	\$ 6,694,902	\$ 7,557,538	\$ 7,079,873
Federal Aid	-	55,438	-	-
Restricted Receipts	496,548	503,366	536,289	535,983
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,872,860</b>	<b>\$ 7,253,706</b>	<b>\$ 8,093,827</b>	<b>\$ 7,615,856</b>
<b>FTE Authorization</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>

**Summary.** The Secretary of State requests FY 2013 expenditures of \$8.1 million from general revenues, which is \$1.2 million more than the FY 2012 enacted budget. The request includes \$1.2 million more from general revenues and \$39,741 more from restricted receipts. The request includes 57.0 positions, consistent with the enacted authorization. The request is \$13,582 more than the Budget Office's general revenue current service estimate of \$7.5 million. *The Governor recommends \$7.6 million from all sources, including \$7.1 million from general revenues and \$0.5 million from restricted receipts. This is \$0.5 million less from general revenues than requested and includes the requested level of 57.0 positions.*

**Referenda Expenses.** The Secretary of State is requesting \$160,695 for referenda costs, which are a biennial expense. Referenda costs include printing of referenda pamphlets and postage for mailing to voters. The Office is requesting more for referenda costs than its actual expenditures in recent years. The Office spent \$103,181 on referenda costs in FY 2011, the last on-year in the two-year election

cycle and \$113,578 in FY 2009, the last presidential election year. The referenda expenses also include personnel expenditures for a part-time person who works for approximately one month around the time of the elections. *The Governor recommends \$5,695 less than requested to better reflect his recommendation for the categorization of salaries and benefits in the Elections and Civics Division.*

**Redistricting Expenses.** The FY 2012 enacted budget includes \$100,000 for expenses related to redistricting due to the results of the 2010 Census. The Office anticipates that the redistricting project will be completed in FY 2012. *The Governor recommends funding as requested.*

**Election Expenses.** The Secretary of State and the Board of Elections request \$2.4 million from general revenues, which is \$0.5 million more than enacted for election expenses, including salaries and benefits. This includes \$517,150 more from general revenues and \$50,000 less from federal Help America Vote Act funds. The Board of Elections and the Secretary of State are requesting no federal funding for FY 2013 and do not anticipate receiving additional Help America Vote Act funds. *The Governor recommends \$43,291 less than requested, primarily to reflect the updated retirement rates.*

The Secretary of State and the Board of Elections request no federal funds for costs associated with the Help America Vote Act. The fund was first depleted in FY 2009, but the federal government renewed funding and made several additional awards, allowing Rhode Island continued access to these funds. If Rhode Island receives additional Help America Vote Act funds, then a corresponding savings from general revenues would result. *The Governor concurs.*

The Secretary of State requests \$1.9 million from general revenues for costs associated with the preparation and execution of regular and special election activities. This is \$556,943 more than the FY 2012 enacted budget, which was an off-year in the election cycle. This amount includes \$74,227 more for salaries and benefits in the Elections and Civics Division, which primarily reflects the difference between turnover included in the enacted budget and anticipated staffing costs for the 7.0 full-time equivalent positions in the division. One administrative assistant position in the division is currently vacant, and the Office indicates that it intends to fill this position before the beginning of FY 2013. *The Governor recommends \$43,291 less than requested, primarily to reflect the updated retirement rates.*

Besides salaries and benefits, the Office is requesting \$48,110 less than enacted for capital purchases and equipment. This includes \$87,441 less from general revenues, which reflects changes to the payments for new servers. Office of the Secretary of State indicates that \$65,787 of this amount was shifted to the Administration account to be used for the replacement of the servers for everyday operations, which will be funded solely by general revenues. The Office has requested that \$39,331 in unspent Help America Vote Act funds be used toward the first lease payment on the Central Voter Registration System servers in FY 2012. The second lease payment of \$39,331 would be made in FY 2013 and funded from general revenues. *The Governor recommends funding as requested.*

Additionally, the Secretary of State requests \$625,000, or \$476,500 more than enacted, for printing of primary and statewide ballots for the November 2012 presidential election. This Office is also requesting \$50,000 for postage, which is \$40,100 more than the FY 2012 enacted budget, which was an off-year in the election cycle. *The Governor recommends funding as requested.*

The Board of Elections requests \$533,889 from general revenues for costs associated with the preparation and execution of election activities, including salaries and benefits, which is \$89,793 less than enacted. This includes \$28,031 less than enacted for the vendor payment on the Election Systems and Software contract to reflect the actual amount of the payment. The Board of Elections has entered into a four-year contract with Election Systems and Software for service and maintenance of all election

machines, a reporting system and a project manager. The four-year contract began on July 1, 2011 and the annual vendor payment is \$271,969. *The Governor recommends funding as requested.*

**State Archives.** The Secretary of State requests \$615,674 for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. This includes funding as enacted from general revenues and \$536,289 from restricted receipts, which is \$39,741 more than enacted. *The Governor recommends the requested amount of general revenues and \$306 less than requested from restricted receipts primarily to reflect the updated retirement rates.*

**Records Center.** The Records Center is an internal service program that does not appear in the Appropriations Act. User agencies pay a portion of their operating costs into this fund for record storage and retrieval. The Center requests expenditures of \$908,439 for FY 2013, which is \$42,169 more than enacted. This includes \$515,048 for 4.8 full-time equivalent positions, which is an increase of 12.0 percent and \$55,034 compared to the enacted budget. This includes benefit rate adjustments consistent with the Budget Office instructions. Besides salaries and benefits, the request includes \$14,000 less for rental of storage and office spaces. *The Governor recommends \$11,367 more than requested primarily to reflect adjusted benefit calculations.*

**Other Salaries and Benefits.** The request is for \$4.7 million from general revenues, or \$0.5 million more than enacted, for salary and benefit expenses for the 41.9 remaining full-time equivalent positions. This reflects turnover elimination and benefit rate increases consistent with the Budget Office instructions. While the FY 2012 enacted budget assumed keeping the equivalent of 1.6 positions vacant, the FY 2013 request fully funds all positions.

In the FY 2012 enacted budget, the Assembly reduced expenditures by \$87,441 from maintaining at least one vacancy in the Corporations division and shifted the funds to the Elections division for the purchase of two new servers. The FY 2013 request also includes full funding for two vacant positions, 1.0 each in the Administration and the Corporations divisions. The Office notes that an executive assistant position in Administration and an administrative assistant position in Corporations became vacant after it submitted its FY 2013 budget request. The Office further indicates that it plans on filling the two vacant positions before the beginning of FY 2013. *The Governor recommends \$0.4 million less than requested primarily to reflect the updated retirement rates.*

**State House Tours.** Consistent with its revised request, the Office's request includes \$12,750 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. Many of the tours accommodate the various educational institutions throughout the state and are at the request of General Assembly members. Students volunteer to lead tours, but the University coordinates the students' schedules and handles their training. There is no funding in the enacted budget for the tours.

Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008, \$12,330 in FY 2009, \$12,564 in FY 2010 and \$16,014 in FY 2012. Since FY 2009, the Office requested funding for this item, but neither the Governor nor the Assembly provided the funding. *The Governor does not recommend this funding.*

**Rhode Island Government Owner's Manual.** The Office requests \$15,050 to publish the Rhode Island Government Owner's Manual. The manual is printed in odd numbered years, per Rhode Island General Law 22-3-12. *The Governor recommends funding as requested.*

**Servers Replacement.** The Secretary of State requests \$40,000 in funding for the replacement of servers for everyday operations at the Office's West River Street location.

The Office of the Secretary of State is in the process of replacing two servers, one primarily for the Central Voter Registration and the other for everyday operations at the Office's West River Street location. The Office had indicated that its current servers are struggling to perform daily activities and will not be sufficient to handle the upcoming Presidential Preference Primary in April 2012, causing major information technology and voter registration impacts to the election.

The Office indicates that while the new Central Voter Registration System servers are funded by a combination of Help America Vote Act funds and general revenues, the replacement of the servers for everyday operations is funded solely by general revenues. In the FY 2012 enacted budget, the Assembly reduced expenditures by \$87,441 from maintaining at least one vacancy in the Corporations division and shifted the funds to the Elections division for the purchase of two new servers. Office of the Secretary of State indicates that a portion of this amount was shifted to the Administration account to be used for the replacement of the servers for everyday operations. According to the Office, \$40,000 will be used for the annual contract payment for the servers. The Office indicates that the contract for the servers has not yet been signed, and it anticipates making payments of \$40,000 per year in FY 2012, FY 2013 and FY 2014 to the anticipated vendor. *The Governor recommends funding as requested.*

**Community Service Grants.** The Office of the Secretary of State requests the enacted amount of \$135,294 for the four community service grants it administers. *The Governor recommends \$33,824 less than requested to reflect his proposal to reduce community service grant funding by 25 percent.*

**Other Operating Expenses.** The Office of the Secretary of State requests \$491,724 from general revenues for all other operating expenditures, which is \$13,311 more than enacted. This includes \$9,867 more for rental costs at the Office's West River Street location and \$1,272 more for postage. The requested amount for postage is still \$1,822 less than the actual amount spent in FY 2011, the last on-year in the two-year election cycle. *The Governor recommends \$1,500 less than requested from general revenues, including \$1,430 less for out-of-state travel to better reflect the actual expenditures of the last two fiscal years.*

## Office of the General Treasurer

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
General Treasurer	\$ 2,697,467	\$ 2,873,122	\$ 2,853,644	\$ 2,710,773
Unclaimed Property	15,940,148	23,741,483	16,379,864	20,182,611
Employees' Retirement System	12,122,801	12,659,885	12,234,846	12,592,873
Crime Victim Compensation	2,440,160	2,158,826	2,161,326	2,147,341
<b>Subtotal</b>	<b>\$ 33,200,576</b>	<b>\$ 41,433,316</b>	<b>\$ 33,629,680</b>	<b>\$ 37,633,598</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,276,021	\$ 8,104,502	\$ 9,117,446	\$ 8,528,787
Contracted Services	2,272,496	3,595,665	2,533,084	3,226,078
<b>Subtotal</b>	<b>\$ 10,548,517</b>	<b>\$ 11,700,167</b>	<b>\$ 11,650,530</b>	<b>\$ 11,754,865</b>
Other State Operations	15,747,132	23,324,210	16,029,420	20,092,248
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,163,000	1,863,000	1,863,000	1,700,000
Capital	4,741,927	4,545,939	4,086,730	4,086,485
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 33,200,576</b>	<b>\$ 41,433,316</b>	<b>\$ 33,629,680</b>	<b>\$ 37,633,598</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,300,852	\$ 2,474,088	\$ 2,405,930	\$ 2,230,355
Federal Aid	1,128,051	1,152,681	1,178,957	1,186,616
Restricted Receipts	29,544,084	37,553,917	29,784,041	33,944,815
Other	227,589	252,630	260,752	271,812
<b>Total</b>	<b>\$ 33,200,576</b>	<b>\$ 41,433,316</b>	<b>\$ 33,629,680</b>	<b>\$ 37,633,598</b>
<b>FTE Authorization</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>

**Summary.** The Office requests expenditures of \$33.6 million, which is \$0.4 million more than enacted. This includes \$105,078 more from general revenues. The Budget Office instructed the Office to submit a current service budget of \$2.4 million. The Office submitted a request that is \$6,942 less than that. The Office requests the authorized level of 82.0 full-time equivalent positions.

*The Governor recommends \$37.6 million from all funds. This is \$4.4 million more than enacted and \$4.0 million more than requested. General revenues are \$70,497 less than enacted and \$0.2 million less than requested. He recommends the enacted level of 82.0 full-time equivalent positions.*

**Unclaimed Property Transfer to General Fund.** The Office requests \$6.8 million for the transfer from unclaimed property to the state, \$0.6 million more than enacted. The November Revenue Estimating Conference adopted an estimate of \$9.9 million, which is \$2.1 million more than the FY 2012 revised estimate and \$3.1 million more than the Office's request.

The Office revised its estimates after submission of its budget to include significantly more revenues in FY 2012. The Conference opted to spread the additional revenues between FY 2012 and FY 2013. *The Governor recommends a transfer of \$9.9 million, consistent with the November estimate.*

**Unclaimed Property Claims.** The Office requests \$8.1 million for payment of unpaid property claims, which is \$0.1 million more than enacted and \$1.8 million less than the November Revenue Estimating Conference. *The Governor recommends claims of \$9.9 million, consistent with the November estimate.*

**Unclaimed Property Change in Claims Liability.** The Office requests a decrease of \$0.3 million in the amount of revenues set aside for future claims liability. For FY 2013, that amount represents 26.2 percent of net revenues. *The Governor further decreases the set aside by \$1.5 million to reflect the November estimate.*

**Unclaimed Property Auditors.** The unclaimed property program contracts with audit firms to recover unclaimed property from insurance companies, banks and other businesses. The Office requests the enacted level of \$260,000. Testimony at the November Revenue Estimating Conference was given that audit fees were going to be much larger because of one-time revenue from a multi-state examination of large life insurance companies. The audit firm fees are based on the amount of revenue they are able to recover. *The Governor adds \$0.6 million and \$0.4 million in FY 2012 and FY 2013, respectively, to reflect the anticipated increase in revenue.*

**Crime Victim Compensation.** Consistent with its revised request, the FY 2013 request reflects \$0.3 million less for crime victim compensation claims based on current trends. The program pays claims from restricted receipts and federal grant awards. Restricted monies come from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice. *The Governor recommends funding as requested.*

**Move.** The FY 2013 request includes savings of \$0.3 million including \$65,992 from general revenues based on the operations on Fountain Street including the Retirement System moving to 50 Service Avenue in Warwick. The enacted budget includes \$0.3 million for one-time remaining build-out costs and moving expenses. Savings in lease payments, renovations and furniture are partially offset by new building grounds and maintenance and records storage expenses. *The Governor recommends \$18,896 less from general revenues based on a revised cost estimate.*

**Retirement System Computer Upgrades.** Consistent with its revised request, the FY 2013 budget request is \$0.5 million less than enacted from retirement fund administration restricted receipts for a new computer system. The enacted budget includes \$4.5 million for a new system.

The Retirement program is planning a major overhaul of its membership benefit database, the Anchor System. The current system is over ten years old and does not adequately address the operational needs of the Retirement Program. It is being considered for upgrade due to major advancements in computer system capabilities over the past several years for public and private retiree programs. *The Governor recommends funding as requested.*

**Anchor Upgrades.** The request includes an additional \$115,000 from retirement system administration restricted receipts for additional information technology system support services for the current retirement system computer system, Anchor. Funding will be used for two purposes, additional support and disaster recovery testing related to the systems age and to allow for transition costs associated with the upgrade of the Anchor system to a new system. *The Governor recommends funding as requested.*

**Retirement System Fiduciary Insurance.** Consistent with its revised request, the Office requests \$0.1 million from retirement fund administration restricted receipts for the procurement of fiduciary liability insurance for Retirement System board members for FY 2013. The Board is currently exploring the option of procuring fiduciary liability insurance. *The Governor recommends funding as requested.*

**Retirement System Legal Expenses.** The enacted budget includes \$0.4 million for legal expenses for the Retirement System's administrative unit. *The Governor adds an additional \$0.2 million in each FY 2012 and FY 2013 based on the current legal challenge to the changes made by the 2009 Assembly.*

**Defined Contribution Plan Administration.** The General Assembly adopted significant pension changes during the fall of 2011. A major component of the new pension system is a defined contribution plan for all non-public safety state employees, teachers and municipal general employees.

*The Governor recommends \$0.6 million from restricted receipts to pay for the Treasurer's expenses associated with administering the new defined contribution plan, including staff reassigned from other Retirement System duties. The Governor anticipates that the outside vendor chosen to administer the plan will incorporate the state's administrative costs into its fee structure in order to pay for the state's costs. The State Investment Council is expected to choose a vendor by March 1, 2012.*

**Salaries and Benefits.** The Office requests \$9.1 million for all salaries and benefits for FY 2013. This is \$0.8 million more than enacted and includes \$0.2 million more from general revenues. The increase reflects benefit adjustments consistent with Budget Office planning values. The request includes turnover savings of \$164,373 which is equal to 1.5 vacant positions and slightly more than that assumed in the enacted budget. The Office currently has 9.0 vacant positions but has indicated that it plans to fill these positions by the end of the fiscal year.

*The Governor recommends \$1.0 million less than requested including \$0.2 million less from general revenues. Of this amount, \$0.6 million reflects the change in the retirement rate based on pensions changes. The remainder of the change reflects personnel costs shifted to the defined contribution plan administration mentioned above and slightly less turnover than included in the request.*

**Other Operating Adjustments.** The Office requests \$3.5 million for all other operating expenses, which is \$2,092 more than enacted including \$16,585 more from general revenues. Approximately \$7,000 from general revenues is to purchase a new server for the State House offices. Minor adjustments were made in various other office expenditures and contracted services.

*The Governor recommends \$0.4 million more from all funds than requested including an additional \$2,525 from general revenues for lease payments for a new vehicle. The increase includes the omission of \$163,000 from retirement system funds mistakenly removed for disability determinations offset by an additional \$0.6 million made available from non-general revenue sources by the change in the retirement rate for not yet identified expenses.*



## Rhode Island Board of Elections

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,194,847	\$ 1,163,895	\$ 1,372,108	\$ 1,201,597
Contracted Professional Services	439,476	359,590	395,845	392,845
<b>Subtotal</b>	<b>\$ 1,634,323</b>	<b>\$ 1,523,485</b>	<b>\$ 1,767,953</b>	<b>\$ 1,594,442</b>
Other State Operations	203,070	252,134	346,674	349,674
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	4,130	-	-
Capital	38,512	38,512	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,875,905</b>	<b>\$ 1,818,261</b>	<b>\$ 2,114,627</b>	<b>\$ 1,944,116</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,825,905	\$ 1,768,261	\$ 2,114,627	\$ 1,944,116
Federal Aid	50,000	50,000	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,875,905</b>	<b>\$ 1,818,261</b>	<b>\$ 2,114,627</b>	<b>\$ 1,944,116</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>11.0</b>	<b>11.0</b>	<b>11.0</b>

**Summary.** The Rhode Island Board of Elections requests \$2.1 million from general revenues, \$0.2 million more than enacted. The Board requests 11.0 full-time equivalent positions, one less than the enacted authorization. *The Governor recommends \$1.9 million from general revenues, which is \$0.1 million more than enacted and \$0.2 million less than requested. He includes 11.0 positions, consistent with the request.*

**Board Member Compensation.** The Board of Elections requests \$54,781 for salaries and benefits for its seven members in FY 2013, which is \$2,799 more than enacted. Each member of the Board of Elections receives an annual salary of \$7,000 and the state pays certain payroll taxes, but they do not receive benefits. *The Governor's budget includes Article 23 of 2012-H 7323, which would eliminate the compensation for the Board members. Members would be compensated for travel and other duty-related expenses.*

**Seasonal Staff.** The Board of Elections requests \$120,000 for seasonal staff for the November 2012 election, which is \$70,000 more than the enacted amount. The Board's request for seasonal wages is based on its expenditures for seasonal staff in FY 2011, the last on-year in the two-year election cycle. The Board estimates its spending on seasonal staff was \$105,000 in FY 2011, but indicates that the accounting system does not portray this. *The Governor recommends funding as requested.*

**All Other Salaries and Benefits.** The Board of Elections requests \$1.3 million from general revenues for salaries and benefits to fully fund 11.0 full-time equivalent positions for FY 2013, \$0.1 million

more than enacted, primarily due to increased benefit rates consistent with the Budget Office instructions. The FY 2012 enacted budget includes 12.0 full-time equivalent positions, which was consistent with the Board's request, but the Assembly provided \$90,000 less general revenues to reflect maintaining one vacant position. The chief auditor position has been vacant since FY 2009, and the Board is proposing to eliminate this position in both its FY 2012 revised and FY 2013 requests. *The Governor recommends \$115,730 less than requested, primarily to reflect the updated retirement rates.*

**Election Expenses.** The Board of Elections and the Office of the Secretary of State request FY 2013 expenditures of \$1.9 million from general revenues for costs associated with the preparation and execution of general election activities, excluding salaries and benefits. Combined, this is \$0.5 million more than the FY 2012 enacted budget, which was an off-year in the two year election cycle. Neither request includes federal funds for costs associated with the Help America Vote Act because it is anticipated that the funds will be depleted in FY 2013. *The Governor recommends funding as requested.*

The Board of Elections requests \$533,889 from general revenues for costs associated with the preparation and execution of election activities, excluding salaries and benefits, which is \$89,793 less than enacted. This includes \$28,031 less than enacted for the vendor payment on the Election Systems and Software contract to reflect the actual amount of the payment. The Board of Elections has entered into a four-year contract with Election Systems and Software for service and maintenance of all election machines, a reporting system and a project manager. The four-year contract began on July 1, 2011 and the annual vendor payment is \$271,969. *The Governor recommends funding requested.*

The Secretary of State requests \$1.3 million in expenditures from general revenues, which is \$0.5 million more than enacted. This includes \$690,000 for printing, or \$541,500 more than enacted, for the September 2012 primary and November general election. It also includes \$105,000, or \$95,100 more than enacted, for envelopes and other materials for the primary and general elections. The Secretary of State is requesting \$160,695 for referenda costs, which was not in the enacted budget since referenda are a biennial expense. Also, the Office is requesting no funding for redistricting expenses, which are only incurred every ten years. The FY 2012 enacted budget included \$100,000 for expenses related to redistricting due to the results of the 2010 Census. *The Governor recommends \$500 less than requested from general revenues for maintenance and office equipment repairs.*

**Other Operations.** The Board of Elections requests \$208,630 from general revenues for all other operations, which is \$151,254 more than enacted. This includes \$120,000 for delivery of voting equipment and supplies for which there was no separate funding in the FY 2012 enacted budget because it had been included as a part of the previous Election Systems and Software vendor contract. The Board is assuming this role in an attempt to reduce delivery costs. *The Governor recommends funding as requested.*

## Rhode Island Ethics Commission

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,354,646	\$ 1,308,573	\$ 1,462,577	\$ 1,337,258
Contracted Services	34,500	34,500	46,500	42,750
<b>Subtotal</b>	<b>\$ 1,389,146</b>	<b>\$ 1,343,073</b>	<b>\$ 1,509,077</b>	<b>\$ 1,380,008</b>
Other State Operations	163,744	172,755	170,755	170,755
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,118	7,118	7,118	7,118
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,560,008</b>	<b>\$ 1,522,946</b>	<b>\$ 1,686,950</b>	<b>\$ 1,557,881</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,560,008	\$ 1,522,946	\$ 1,686,950	\$ 1,557,881
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,560,008</b>	<b>\$ 1,522,946</b>	<b>\$ 1,686,950</b>	<b>\$ 1,557,881</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>

**Summary.** The Ethics Commission requests total expenditures of \$1.7 million from general revenues in FY 2013, which is \$126,942 more than enacted. The Commission requests 12.0 full-time equivalent positions, the authorized level. *The Governor recommends \$1.6 million from general revenues, which is \$2,127 less than enacted and \$129,069 less than requested. The Governor includes the authorized number of full-time equivalent positions.*

**E-Filing of Financial Disclosure Statements.** The Commission requests \$12,000 to acquire the capability to receive financial disclosure statements online. Despite the fact that online filings will begin in FY 2012, the costs associated with this project will not occur until FY 2013. *The Governor recommends \$8,250 based upon a 75.0 percent utilization rate of a maximum charge of \$11,000 per year.*

**All Other Staffing and Operations.** The Commission requests \$1.7 million from general revenues for all other staffing and operations, this is \$114,942 more than the FY 2012 enacted amount. This includes \$1.5 million for salary and benefit expenses, which is \$107,931 more than enacted and is consistent with the FY 2013 planning values. The request includes \$0.2 million for all other operating expenses. This is \$7,011 more than enacted and includes increases for records retrieval, telephone expenses and for a postage machine inadvertently excluded from the enacted budget. *The Governor recommends \$125,319 less than requested which is consistent with the updated retirement rates.*

[Staff Note: The Commission consistently overestimates its operating expenditures in the budget request, particularly in the areas of records storage, printing and legal expenses. The Commission spent \$176,677 in FY 2009, \$180,472 in FY 2010 and \$177,808 in FY 2011 for the items included here.]

## Office of the Governor

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ -	\$ 4,397,882	\$ -	\$ 4,418,290
Office of Economic Recovery & Reinvestment	-	714,266	-	-
Rhode Island Health Benefits Exchange	-	109,768	-	1,097,141
<b>Total</b>	<b>\$ -</b>	<b>\$ 5,221,916</b>	<b>\$ -</b>	<b>\$ 5,515,431</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,574,107	\$ 4,506,290	\$ 4,426,027	\$ 4,914,752
Contracted Services	51,250	20,000	10,000	-
<b>Subtotal</b>	<b>\$ 4,625,357</b>	<b>\$ 4,526,290</b>	<b>\$ 4,436,027</b>	<b>\$ 4,914,752</b>
Other State Operations	295,522	289,001	289,061	313,111
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250,000	250,000	250,000	250,000
Capital	11,000	22,856	23,068	37,568
Capital Debt Service	-	-	-	-
Operating Transfers	74,216	133,769	-	-
<b>Total</b>	<b>\$ 5,256,095</b>	<b>\$ 5,221,916</b>	<b>\$ 4,998,156</b>	<b>\$ 5,515,431</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,338,521	\$ 4,397,882	\$ 4,700,809	\$ 4,418,290
Federal Aid	139,898	109,768	-	1,097,141
Restricted Receipts	777,676	714,266	297,347	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 5,256,095</b>	<b>\$ 5,221,916</b>	<b>\$ 4,998,156</b>	<b>\$ 5,515,431</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>42.0</b>	<b>45.0</b>

**Summary.** The Office of the Governor requests total expenditures of \$5.0 million from all funds and 42.0 full-time positions for FY 2013, 3.0 positions less than the authorized level. The request is \$0.3 million less than enacted, including a general revenue increase of \$0.4 million, offset by reductions of \$0.6 million from federal and restricted sources.

The Office's request is \$726 below the general revenue current service target. *The Governor recommends total expenditures of \$5.5 million, including \$4.4 million from general revenues. This is \$0.3 million more than enacted, including the removal of \$0.8 million for the Office of Economic Recovery and Reinvestment, offset by \$1.1 million for the Rhode Island Health Benefits Exchange. He recommends staffing consistent with the authorized level.*

**Office of Economic Recovery and Reinvestment.** The request includes expenditures of \$0.3 million or \$0.5 million less than enacted from restricted receipts to support 4.0 positions and operating expenses for the Office of Economic Recovery and Reinvestment within the Office of the Governor. The receipts are derived from a 0.5 percent assessment on stimulus funds and are used to cover

expenses incurred in the oversight of those projects. The request includes a reduction of \$0.4 million from salary and benefit costs for the elimination of 2.0 positions based on anticipated federal work on stimulus related projects and the removal of \$91,000 budgeted for four interns that are no longer needed. It includes \$24,980 for operating expenditures, \$0.1 million less than enacted including the removal of \$74,126 budgeted as an operating transfer to the Economic Development Corporation to fund a position that is providing services to the Office. It also includes a reduction of \$41,250 for contractual services with KPMG to develop processes and procedures for monitoring and managing the federal stimulus.

*The Governor's recommendation reflects the removal of funding for the Office of Economic Recovery and Reinvestment. He proposes legislation to create a new Office of Management and Budget in the Department of Administration that will assume the responsibilities of the Office.*

**Rhode Island Health Benefits Exchange.** Funding the Rhode Island Health Benefits Exchange was not included in the Office's revised request. In September 2011, the Governor issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The creation of the Health Benefits Exchange avoided federal intervention had the state not done so by January 1, 2013. The Exchange will report to the Board of Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor.

*The Governor recommends \$1.1 million from federal funds; \$1.0 million will be used in FY 2013 to fund 6.0 positions, including a director. The Governor's FY 2012 revised budget assumes that the director's position will be filled in the third quarter of FY 2012.*

**Other Staffing.** The Office requests FY 2013 expenditures totaling \$4.2 million from general revenues to support staffing of 38.0 full-time positions. This is \$0.2 million more than enacted from all funds, including \$0.4 million more general revenues and a reduction \$139,898 from federal stimulus funds from the Office of Energy Resources. Salary and benefit costs are 9.5 percent more than enacted for step increases and benefit changes to reflect FY 2013 planning values consistent with Budget Office instructions. The request assumes \$0.4 million in turnover savings, or \$0.2 million more than enacted and \$0.1 million more than the revised request. As of pay period ending November 19, 2011, the Office had 7.5 vacancies.

*The Governor recommends \$3.9 million, which is \$264,739, less than requested. This assumes \$61,819 less for turnover, offset by \$0.3 million for the retirement rate change based on adopted pension reform. The recommendation is \$20,596 or 0.5 percent more than the revised budget.*

**Contingency Fund.** The request includes the enacted amount of \$250,000 from 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 recommends the requested amount.*

**Other Operations.** The Office requests \$0.3 million from general revenues for all other expenditures, \$2,607 more than enacted. The request includes savings of \$6,461 from various operating items, including postage and subscriptions, offset by an increase of \$9,068 for a lease payment for a new vehicle that the Office purchased in 2011. *The Governor recommends \$17,780 less than requested for dues and fees, consistent with the FY 2012 revised recommendation.*

## Rhode Island Commission for Human Rights

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,215,932	\$ 1,179,266	\$ 1,327,544	\$ 1,223,719
Contracted Services	6,950	5,625	5,790	5,790
<b>Subtotal</b>	<b>\$ 1,222,882</b>	<b>\$ 1,184,891</b>	<b>\$ 1,333,334</b>	<b>\$ 1,229,509</b>
Other State Operations	232,688	241,304	234,251	258,200
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,455,570</b>	<b>\$ 1,426,195</b>	<b>\$ 1,567,585</b>	<b>\$ 1,487,709</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,154,038	\$ 1,149,126	\$ 1,241,593	\$ 1,161,717
Federal Aid	301,532	277,069	325,992	325,992
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,455,570</b>	<b>\$ 1,426,195</b>	<b>\$ 1,567,585</b>	<b>\$ 1,487,709</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>

**Summary.** The Commission for Human Rights requests \$1.6 million from all sources and the enacted level of 14.5 full-time equivalent positions. This is \$112,015 more than enacted, including \$87,555 more from general revenues, primarily for updated benefit rates. The request is consistent with the Budget Office target of \$1,241,593. *The Governor recommends \$1.5 million from all sources and 14.5 positions. This is \$32,139 more than enacted.*

**Federal Receipts.** The Commission's budget assumes that federal receipts available to be spent in FY 2013 total \$325,992. The budget includes expenses totaling \$301,532 leaving a surplus of \$24,460 for FY 2013. *The Governor recommends funding as requested.*

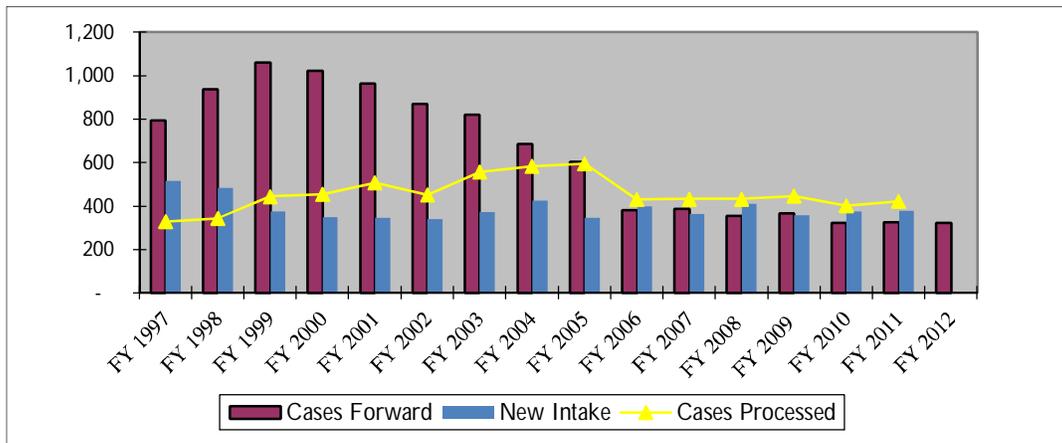
**Salaries and Benefits.** The Commission requests \$1.3 million from all sources or \$111,612 more than enacted, including \$96,349 from general revenues and \$15,263 from federal funds to support salaries and updated benefit rates based on Budget Office planning values. This also reflects a step increase and an incorrect request for a longevity increase, which are partially offset by anticipated turnover savings. *The Governor reduces requested funding by \$103,825 to reflect updated retirement rates.*

**Other Operations.** The Commission requests \$240,041 from all sources for all other operations, \$403 more than enacted. This includes \$8,794 less from general revenues and shifts expenses to federal sources to reflect reduced operating costs with additional expenses for contracted court reporter services from federal funds. The Commission indicates that the request is consistent with the actual experience; however, it does not include funding for interpreter services. FY 2011 expenses for interpreter services

were \$706. The Commission spent \$273,746 in FY 2008, \$239,311 in FY 2009, \$235,851 in FY 2010 and \$253,938 in FY 2011. *The Governor recommends \$23,949 more than requested to reflect retirement rate savings from federal sources. These may be available to reduce general revenue expenses, but the recommendation does not reflect that.*

**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 FY 1999 reached a new high of 1,061 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 2010 with a backlog of 323 unprocessed cases and intake of 375 new cases, and was able to close 402 cases reducing its backlog to 296 cases. In FY 2011, the Commission intake of 378 new cases was offset by 422 closed cases with 323 cases forwarded to FY 2012. The Commission sustains that with the ability to maintain the full 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 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,430,597	\$ 5,394,393	\$ 6,047,036	\$ 5,554,738
Contracted Services	1,717,693	1,717,243	1,717,243	1,717,243
<b>Subtotal</b>	<b>\$ 7,148,290</b>	<b>\$ 7,111,636</b>	<b>\$ 7,764,279</b>	<b>\$ 7,271,981</b>
Other State Operations	923,379	972,147	915,490	1,402,497
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	337	337	337	337
Capital	33,000	33,000	59,000	59,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 8,105,006</b>	<b>\$ 8,117,120</b>	<b>\$ 8,739,106</b>	<b>\$ 8,733,815</b>
<b>Sources of Funds</b>				
General Revenue	-	-	-	-
Federal Aid	309,373	321,487	349,167	349,167
Restricted Receipts	7,795,633	7,795,633	8,389,939	8,384,648
Other	-	-	-	-
<b>Total</b>	<b>\$ 8,105,006</b>	<b>\$ 8,117,120</b>	<b>\$ 8,739,106</b>	<b>\$ 8,733,815</b>
<b>FTE Authorization</b>	<b>46.0</b>	<b>46.0</b>	<b>47.0</b>	<b>47.0</b>

**Summary.** The Public Utilities Commission requests FY 2013 expenditures of \$8.7 million, which is \$0.6 million more than enacted, including \$594,306 more from restricted receipts and \$39,794 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 requests 47.0 full-time equivalent positions, which is 1.0 position more than the enacted authorization.

*The Governor recommends \$8.7 million, which is \$628,809 more than enacted and \$5,291 less than requested. He recommends 47.0 full-time equivalent positions, 1.0 position more than enacted.*

**Consumer Agent Position.** The Commission requests \$72,316 from restricted receipts for a new consumer agent position to help address a current and projected backlog within the consumer section of the Division of Public Utilities and Carriers. During the first quarter of FY 2012, the Division experienced an increase in consumer related billing issues, service quality concerns and termination proceedings. *The Governor recommends \$67,026 for the new position, which is \$5,290 less than requested to reflect updated retirement rates.*

**Salaries and Benefits.** The Commission requests \$6.0 million from all sources for salary and benefit expenses for the currently authorized 46.0 full-time equivalent positions. This includes 12.0 full-time equivalent positions for the Commission and 34.0 full-time equivalent positions for the Division. This is \$544,123 more than enacted to reflect updated benefit rates, consistent with the Budget Office

planning values. The request assumes no turnover savings, which is consistent with the enacted budget. *The Governor recommends \$57,115 more than enacted, or \$487,008 less than requested to reflect updated retirement rates.*

**Public Utilities Reserve Account.** The Commission requests the enacted level of \$1.1 million from restricted receipts for expenses incurred for investigations and hearings related to rate case applications and other filings. Funds are used to purchase materials, contract with external legal counsel, official stenographers, engineers, accountants, economists, other expert witnesses, and for all other necessary expenses. *The Governor recommends funding as requested.*

**Vehicle.** The Commission requests \$26,000 from restricted receipts to purchase a new motor vehicle in FY 2013 to be used by the Chairman of the Public Utilities Commission. The Commission indicates that its current 2001 Ford Taurus has reached the end of its useful life. *The Governor recommends funding as requested.*

**Other Operations.** The Commission requests \$1.5 million from all sources for other operations. This is \$8,339 less than enacted primarily from the reduction of various office expenses. While the request is essentially consistent with the enacted budget, it does not appear to be consistent with expenditure experience. FY 2011 final expenditures total \$0.8 million and FY 2010 expenditures were \$0.9 million. The most notable discrepancies include \$0.3 million for maintenance expenses, 68.8 percent more than final FY 2011 expenditures, \$0.3 million for financial consultant services, 73.8 percent more than final FY 2011 expenditures, and \$0.2 million for legal services, for which there were no expenses in FY 2011.

*The Governor recommends \$478,668 more than enacted, or \$487,007 more than requested to reflect additional funds available from reduced retirement rates. These were reallocated to operating expenses; however, they are not needed.*

## Office of Health and Human Services

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 16,928,680	\$ 19,287,321	\$ 20,955,614	\$ 85,583,082
Medical Assistance	-	-	-	1,657,925,825
<b>Total</b>	<b>\$ 16,928,680</b>	<b>\$ 19,287,321</b>	<b>\$ 20,955,614</b>	<b>\$1,743,508,907</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 16,758,741	\$ 17,716,644	\$ 19,990,743	\$ 18,485,197
Contracted Services	150,000	1,476,322	704,288	46,869,693
<b>Subtotal</b>	<b>\$ 16,908,741</b>	<b>\$ 19,192,966</b>	<b>\$ 20,695,031</b>	<b>\$ 65,354,890</b>
Other State Operations	19,939	67,505	260,583	356,730
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	26,850	-	1,677,707,575
Capital	-	-	-	89,712
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 16,928,680</b>	<b>\$ 19,287,321</b>	<b>\$ 20,955,614</b>	<b>\$1,743,508,907</b>
<b>Sources of Funds</b>				
General Revenue	\$ 9,773,834	\$ 10,347,375	11,700,970	823,695,516
Federal Aid	6,250,134	8,042,506	8,357,204	907,721,810
Restricted Receipts	904,712	897,440	897,440	12,091,581
Other	-	-	-	-
<b>Total</b>	<b>\$ 16,928,680</b>	<b>\$ 19,287,321</b>	<b>\$ 20,955,614</b>	<b>\$1,743,508,907</b>
<b>FTE Authorization</b>	<b>149.0</b>	<b>158.0</b>	<b>158.0</b>	<b>163.0</b>

**Summary.** The Office requests \$21.0 million from all sources or \$4.0 million more than enacted, including \$11.7 million from general revenues, \$8.4 million from federal funds, \$0.9 million from restricted receipts and a staffing level of 158.0 positions. The request is \$4.0 million more than enacted, including \$1.9 million more from general revenues and 9.0 positions more than the current authorized level.

*The Governor's recommends \$1,743.5 million from all sources and includes \$823.7 million from general revenues. He transfers the Medical Assistance program from the Department of Human Services to the Executive Office of Health and Human Services including the benefits program and the remainder of the administrative functions. He leaves the eligibility application process with the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department.*

*He also recommends 163.0 positions, 14.0 more than enacted and 5.0 more than requested to staff the new program audit and oversight unit in the executive office.*

**Medicaid Expenses - National/State Comparison.** The following table compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (children enrolled in the state's Rite Care population) is lower than the national average while enrollment of adults (parents enrolled in the Rite Care program) is slightly higher. The percent of total spending for this population is lower than the national average but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Office of Health and Human Services' budget in FY 2013.

For disabled individuals, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the Office of Health and Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of Children, Youth and Families.

Enrollment for the aged population is slightly lower than the national average but higher than the national average percent of total expense and cost per enrollee. Expenses supporting this population are in the Office of Health and Human Services and the Department of Human Services' Division of Elderly Affairs.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Population	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$ 2,435	\$ 2,848
Children	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Adults	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Blind/Disabled	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Aged	48.1	180,317	100.0%	100.0%	\$294,400	\$ 1,684.3	100%	100%	\$ 6,120	\$ 9,341
Total										

\* in millions

### Medical Benefits

**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 2012 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	150%	175%	180%	185%	200%	225%	250%
1	\$ 11,170	\$13,963	\$16,755	\$19,548	\$20,106	\$20,665	\$22,340	\$ 25,133	\$27,925
2	15,130	18,913	22,695	26,478	27,234	27,991	30,260	34,043	37,825
3	19,090	23,863	28,635	33,408	34,362	35,317	38,180	42,953	47,725
4	23,050	28,813	34,575	40,338	41,490	42,643	46,100	51,863	57,625
5	27,010	33,763	40,515	47,268	48,618	49,969	54,020	60,773	67,525
6	30,970	38,713	46,455	54,198	55,746	57,295	61,940	69,683	77,425
7	34,930	43,663	52,395	61,128	62,874	64,621	69,860	78,593	87,325
8	38,890	48,613	58,335	68,058	70,002	71,947	77,780	87,503	97,225

For families with more than 8 members, add \$3,960 for each additional member for the 100 percent calculation.

### Medical Assistance

The Caseload Estimating Conference met on November 4, 2011 and based on current law, set the FY 2013 medical assistance expenditures at \$1,693.0 million including \$827.5 million from general revenues, which is \$51.6 million more than enacted from all funds and \$41.5 million more from general revenues. The Department's request is consistent with the Budget Office's estimated current

services target of \$1,721.5 million from all funds including \$828.1 million from general revenues, which is based on the updated Medicaid match rate for FY 2013 and estimated cost and utilization increases; it does not reflect the caseload estimate.

*The Governor recommends \$1,639.6 million, including \$801.3 million from general revenues. His recommendation is \$53.4 million less from all sources than the November caseload estimate, including \$26.2 million less from general revenues. His savings initiatives are discussed separately by program.*

The following table itemizes medical assistance expenditures in FY 2010 and FY 2011, as enacted by the 2011 Assembly, adopted by the caseload estimators and recommended by the Governor. Each category is discussed separately.

<b>Medical Assistance</b>	<b>FY 2010 Spent</b>	<b>FY 2011 Spent</b>	<b>FY 2012 Enacted</b>	<b>FY 2012 Gov. Rec.</b>	<b>FY 2013 Nov. CEC</b>	<b>FY 2013 Gov. Rec.</b>
<b>Hospitals</b>						
Regular Payments	\$ 120.9	\$ 125.2	\$ 113.5	\$ 112.2	\$ 105.0	\$ 101.0
DSH Payments	121.7	122.2	126.9	126.9	127.7	127.7
<b>Total</b>	<b>\$ 242.6</b>	<b>\$ 247.4</b>	<b>\$ 240.4</b>	<b>\$ 239.1</b>	<b>\$ 232.7</b>	<b>\$ 228.7</b>
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 334.7	\$ 334.9	\$ 341.2	\$ 342.5	\$ 345.5	\$ 345.5
Home and Community Care	60.3	68.6	74.1	76.4	84.0	77.7
<b>Total</b>	<b>\$ 395.0</b>	<b>\$ 403.4</b>	<b>\$ 415.3</b>	<b>\$ 418.9</b>	<b>\$ 429.5</b>	<b>\$ 423.2</b>
<b>Managed Care</b>						
RIte Care	\$ 443.9	\$ 504.3	\$ 538.0	\$ 511.8	\$ 541.2	\$ 515.3
RIte Share	17.3	10.0	14.0	14.7	15.5	15.5
Fee For Service	85.4	73.5	68.3	75.5	81.3	81.3
<b>Total</b>	<b>\$ 546.5</b>	<b>\$ 587.8</b>	<b>\$ 620.3</b>	<b>\$ 602.0</b>	<b>\$ 638.0</b>	<b>\$ 612.1</b>
<b>Rhody Health</b>	<b>\$ 155.6</b>	<b>\$ 176.9</b>	<b>\$ 191.2</b>	<b>\$ 193.0</b>	<b>\$ 215.0</b>	<b>\$ 204.8</b>
<b>Pharmacy</b>	<b>\$ 12.9</b>	<b>\$ 1.3</b>	<b>\$ 9.7</b>	<b>\$ 5.6</b>	<b>\$ 5.8</b>	<b>\$ 5.8</b>
<b>Pharmacy Part D Clawback</b>	<b>\$ 26.4</b>	<b>\$ 36.4</b>	<b>\$ 46.4</b>	<b>\$ 47.7</b>	<b>\$ 51.0</b>	<b>\$ 51.0</b>
<b>Other Medical Services</b>	<b>\$ 108.8</b>	<b>\$ 123.5</b>	<b>\$ 118.0</b>	<b>\$ 116.5</b>	<b>\$ 121.0</b>	<b>\$ 114.0</b>
Federal Funds	\$ 922.7	\$ 937.6	\$ 844.3	\$ 827.6	\$ 854.4	\$ 827.2
General Revenues	558.7	630.5	786.0	784.0	827.5	801.3
Restricted Receipts	6.3	8.7	11.1	11.1	11.1	11.1
<b>Total*</b>	<b>\$ 1,487.7</b>	<b>\$ 1,576.9</b>	<b>\$ 1,641.4</b>	<b>\$ 1,622.8</b>	<b>\$ 1,693.0</b>	<b>\$ 1,639.6</b>

*\*Expenditures in millions*

### Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$232.7 million, \$112.1 million from general revenues. It includes \$105.0 million for direct medical services and \$127.7 million for uncompensated care payments to community hospitals. The Department's request is consistent with the Budget Office's estimated current services target of \$233.0 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

*The Governor recommends \$228.7 million, including \$110.2 million from general revenues for hospital expenses. His recommendation is \$4.0 million less than the caseload estimate.*

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2013 expenditures at \$105.0 million, of which \$50.9 million is from general revenues for the state's community hospitals. The

expenditures included in the estimate are \$8.5 million less than enacted, including \$1.7 million less from general revenues. The estimate did not include the \$12.1 million upper payment limit reimbursement or the \$1.0 million state only payment to acute care hospitals since there is no current law for the state to make those payments in FY 2013. The Department's request also excludes these payments.

*The Governor recommends \$4.0 million less than the caseload estimate for total funding of \$101.0 million for the community hospitals, including \$1.9 million less from general revenues. He includes an initiative to pay the hospital either the individual hospital's cost for inpatient services or the Medicaid cost in the fee-for-service system, whichever is lower. The Department currently uses this standard for outpatient services through the diagnosis related group payment system.*

**Hospital Reimbursement Rates.** The enacted budget includes savings of \$5.6 million from all sources from capping the increase in the outpatient reimbursement rates by the outpatient prospective payment system market basket index, beginning January 1, 2012. The budget also limits the increase in the rates paid to the hospitals for services through the managed care plans to the Centers for Medicare and Medicaid Services' prospective payment index rates. The caseload estimate and the Department's request assume these savings will be achieved in FY 2012 and the savings carried into FY 2013. *The Governor recommends funding consistent with the caseload estimate.*

**Integration of Medicare and Medicaid.** The enacted budget directs the Department to enter into a contract by July 1, 2012 to manage the long term care and acute care benefits of Medicaid eligible individuals and those eligible for both Medicare and Medicaid, also called dual eligibles. The Department will enter into a savings agreement with the Centers for Medicare and Medicaid Services in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid. The FY 2012 budget does not include any savings from this contract; the November caseload estimate and the Department's request assume the contract will be secured on time, based on testimony provided by the Department during the conference. *The Governor's budget is consistent with the assumptions made at the caseload conference.*

**Disproportionate Share Payments to Hospitals.** The Caseload Estimating Conference includes \$127.7 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals. This includes \$61.2 million from general revenues and \$66.6 million from federal funds and is \$0.9 million more than the enacted budget. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department of Human Services. The Department's request includes the enacted level of \$126.9 million from all funds, but shifts \$1.1 million from federal funds to general revenues to account for the updated Medicaid match rate and does not reflect the caseload estimate. However, the conference estimate is based upon Department testimony and provides a more updated approximation of the payment.

Uncompensated care costs are defined as costs incurred by a hospital attributable to charity care and bad debt for which the patient has no health insurance or third-party liability coverage. The costs are then subtracted from any payments received for medical care and attributable to Medicaid clients and Medicaid reimbursements.

Hospitals provide two forms of charitable care: free care for patients up to 200 percent of poverty and care for patients on a sliding scale between 200 and 300 percent of poverty. Bad debt is considered to be unpaid medical expenses for a person above 300 percent of poverty who has no insurance and cannot afford to pay their medical bill.

The Governor recommends \$127.7 million from all sources, including \$61.2 million from general revenues. The recommendation is consistent with the caseload conference.

FY 2013 Uncompensated Care	FY 2012 Enacted	FY 2012 Gov. Rev.	FY 2013 Nov 2011 CEC	FY 2013 Gov. Rec.	Change to Enacted
<b>Community Hospitals</b>					
State	\$ 58,937,600	\$ 62,670,879	\$ 60,425,276	\$ 60,425,276	\$ 1,487,676
Federal	66,375,662	62,642,383	65,741,612	65,741,612	(634,050)
Subtotal	\$ 125,313,262	\$ 125,313,262	\$ 126,166,888	\$ 126,166,888	\$ 853,626
<b>Eleanor Slater Hospital</b>					
State	\$ 738,333	\$ 738,333	\$ 738,333	\$ 738,333	\$ -
Federal	810,508	810,508	810,508	810,508	-
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ -
<b>Upper Payment Limit</b>					
State	\$ 5,772,717	\$ 5,772,717	\$ -	\$ -	\$ (5,772,717)
Federal	6,337,030	6,337,030	-	-	(6,337,030)
Subtotal	\$ 12,109,747	\$ 12,109,747	\$ -	\$ -	\$ (12,109,747)
<b>Unqualified Expenses</b>					
State	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ (1,000,000)
Federal	-	-	-	-	-
Subtotal	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ (1,000,000)
<b>Total</b>	<b>\$ 139,971,850</b>	<b>\$ 139,971,850</b>	<b>\$ 127,715,729</b>	<b>\$ 127,715,729</b>	<b>\$ (12,256,121)</b>

**Upper Payment Limit Reimbursements.** The enacted budget includes \$12.1 million from all sources, \$5.8 million from general revenues to make the outpatient upper payment limit reimbursement to the state's community hospitals in FY 2012. Since there is no current law to make that payment in FY 2013, the caseload conference did not include an estimate for the payment. The Department's request also excludes the payment.

The reimbursement provides adjustments to increase reimbursements to community hospitals by paying a rate that is equal to what Medicare would pay for the same services. Under current federal regulations, states have great flexibility in setting the Medicaid rates that they pay to nursing homes, hospitals and other providers. These regulations establish that states may pay facilities a total amount up to the level that Medicare would pay for the same services, group facilities together in calculating this upper payment limit and pay some facilities more than others. This has allowed states to recognize that some public facilities have higher operating costs due to patient populations that are sicker and more likely to have no health care coverage at all. *The Governor's recommendation excludes this payment.*

**State Only Acute Care Payments.** The Caseload Conference estimate includes \$1.0 million for state only payments to be made for additional acute care costs in FY 2012. Of this amount, \$500,000 will be distributed to both South County Hospital and Westerly Hospital, consistent with the enacted budget.

Since there is no current law to make the payment in FY 2013, the caseload conference does not include the payment. The Department's request also excludes the payment. *The Governor's recommendation excludes this payment.*

**Hospital License Fee.** The 2011 Assembly included Section 11 of Article 19 of 2011-H 5894 Substitute A, as amended, which set the FY 2012 licensing fee at 5.430 percent of net patient services revenue for the fiscal year ending on or after January 1, 2010 and included revenues totaling \$144.0 million for both the community hospitals and Eleanor Slater Hospital. The enacted budget assumes incorrect state hospital revenues of \$110.0 million for the 2010 hospital year, which is incorrect. The

actual 2010 revenues are \$106.9 million for a licensing fee of \$5.8 million, \$0.2 million less than enacted.

*The Governor includes Section 1 of Article 24 of 2012-H 7323, which extends the hospital licensing fee in FY 2013 consistent with the enacted rate. He includes the adjusted revenues. The licensing fee appears annually in the Appropriations Act.*

<b>FY 2013 Hospital License Fee</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Gov Rec.</b>	<b>Change to Enacted</b>
<b>Revenues</b>			
<i>Base Year</i>	<i>2010</i>	<i>2010</i>	
<i>Tax Rate</i>	<i>5.430%</i>	<i>5.430%</i>	
Community Hospital License Fee	\$ 137,965,229	\$ 137,965,229	-
Slater License Fee	6,026,665	5,798,325	(228,340)
<b>Total</b>	<b>\$ 143,991,894</b>	<b>\$ 143,763,554</b>	<b>\$ (228,340)</b>

### Long Term Care

**Long Term Care.** The Caseload Estimating Conference estimate includes long term care expenses at \$429.5 million, of which \$207.4 million is from general revenues. This includes \$345.5 million for nursing facilities and hospice care and \$84.0 million for home and community care. This is \$14.2 million more than the enacted budget, including \$11.9 million more from general revenues. The Department's request is consistent with the Budget Office's estimated current services target of \$438.1 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

*The Governor includes \$423.2 million from all sources for long term care expenses, including \$204.4 million from general revenues. His recommendation is \$6.3 million less than the conference estimate, including \$3.0 million less from general revenues.*

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2013 expenditures of \$345.5 million, of which \$167.6 million is from general revenues for the state's 84 nursing facilities. This is \$4.3 million more than enacted, including \$5.0 million more from general revenues. The request is consistent with the Budget Office's estimated current services target of \$358.5 million, which is \$17.4 million more than enacted and does not reflect the caseload estimate.

*The Governor's recommendation is consistent with the caseload estimate. He includes Article 31 to allow the reduction of nursing home rates by no more than 1.8 percent in FY 2012 and FY 2013 to clarify that the reduction taken in FY 2010 impacted the base rate assumed for the facilities. The FY 2012 enacted budget assumed this reduction, but without this legislation it appears approximately \$5.9 million from all sources would be required in both years.*

**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 2012. This is estimated to be \$6.7 million for FY 2013 and the caseload estimate and the Department's request include this adjustment. The 2011 Assembly did not include this adjustment in FY 2012. *The Governor's recommendation includes this adjustment.*

**Nursing Home Payment Methodology.** The enacted budget requires the Department to replace the current principles of reimbursement payment method with a methodology to pay a base rate to each nursing home, continuing to recognize patient acuity and the minimum occupancy requirements. This

is to be effective January 1, 2012 or as soon as it is authorized by the Centers of Medicare and Medicaid Services through an approved state plan amendment; as of January 13, 2012 no state plan amendment had been filed, thus the payment methodology change has not yet occurred. The Office of Health and Human Services was to submit a report to the House and Senate Finance Committee Chairs on the new methodology by November 1, 2011, but it has not submitted the report as of January 18, 2012. The enacted budget does not assume any savings from this change in payment methodology. *The Governor's budget also does not include savings.*

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$84.0 million for home and community care expenses, including \$40.0 million from general revenues in the FY 2013 estimate. This includes \$9.9 million more from all funds, \$7.2 million from general revenues. The estimate restores \$2.4 million from general revenues in FY 2012 and assumes savings of \$1.8 million in FY 2013, based on testimony from the Department that the savings related to the Money Follows the Person initiative had been overestimated and implementation delays. The Department's request is consistent with the Budget Office's estimated current services target of \$79.5 million and does not reflect the caseload estimate.

The caseload estimate did not add any funds to home and community care services in FY 2013 for the long term care financing reform because the state experienced an increase in nursing home days when comparing FY 2011 to FY 2010. The intent of the reform is to add funds to the services when there is a decrease in days.

*The Governor recommends \$6.3 million less than the conference estimate for total funding of \$77.7 million for the services, including \$36.7 million from general revenue, discussed separately. It should be noted that the Department of Human Services' Division of Elderly Affairs continues to operate a home and community based program for the elderly.*

**Home and Community Care Clinical Reviews.** The state provides home and community based services to eligible elderly individuals who require a certain level of care. For the state to provide these services through the Medicaid global waiver, the monthly costs for care should not exceed the monthly cost of the individual residing in a nursing facility.

*The Governor includes savings of \$6.3 million, of which \$3.0 million is general revenues, from conducting a clinical review when individual's monthly expenses for certain community based services exceed the monthly nursing home cost of \$5,531 or \$66,372 annually. The Office indicates some services may exceed \$100,000 annually. Staff will also use a new level of assessment guide when authorizing services to determine the appropriate level of service given a person's specific circumstance. As noted the Department of Human Services' Division of Elderly Affairs has another program for this population; there are no savings in that budget from this proposal, although executive office staff indicate that there are discussions to implement a similar assessment system.*

**Money Follows the Person.** The enacted budget includes general revenue savings of \$2.5 million from shifting expenditures to a new federal grant. The Money Follows the Person Rebalancing Demonstration grant is designed to provide assistance to the state in balancing its long term care system by allowing the state to avoid having Medicaid eligible individuals remain in long term facilities by using community based services instead. Rhode Island was awarded \$24.6 million from FY 2012 through FY 2016 and the FY 2012 award was \$2.5 million. Under this program, certain administrative costs are matched with 100 percent federal funds and specified home and community based services will receive a 76 percent federal match.

The caseload estimate restores \$2.4 million from general revenues in FY 2012 due to delayed implementation and hiring additional staff, a slower increase in new cases and fewer assessed cases that are eligible for the enhanced match than anticipated; however, it assumes savings of \$1.8 million in FY 2013 from this initiative. The Department's request includes savings of \$2.5 million, consistent with the enacted budget. *The Governor's recommendation is consistent with the conference estimate.*

**Personal Choices Option.** The enacted budget includes savings of \$0.4 million, including \$0.2 million from general revenues from assuming the Department can find efficiencies in the operation of the program and reduce costs to reflect cost per client spending levels consistent with other home and community based programs. The caseload estimate and the Department's request include the savings in FY 2013.

The Department provides home and community care services through the personal choices option under the global waiver and gives a monthly stipend to eligible individuals so they can hire who they chose to help with daily activities allowing them to remain in their own home. The Department contracts with Tri-Town Community Action, PARI and Ocean State Community Resource to assist the program recipients with fiscal oversight and assessment and monitoring activities. Each agency is reimbursed per client for the oversight activities that it provides. *The Governor continues to include the savings in his recommendation.*

**Home Health Services.** The state provides personal care attendants and homemaker services for patients who would otherwise need an institutional level of care because of their difficulty in performing activities of daily living. The enacted budget includes savings of \$0.4 million from all sources, including \$0.2 million from general revenues from a 3.0 percent rate reduction, selectively contracting to offer greater volume in exchange for lower rates, requiring providers to be Medicare certified to avoid costs that would be Medicare eligible, and restructuring the rates and authorization standards to achieve the savings, beginning the final quarter of FY 2012. The caseload estimate and the Department's request assume that the savings will be achieved in FY 2013. *The Governor continues to include the savings in his recommendation.*

### Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$638.0 million, which is \$17.7 million more than enacted. This includes \$303.7 million from general revenues and \$334.3 million from federal funds and includes RIte Care expenses at \$541.2 million, RIte Share at \$15.5 million and fee-for-service expenses at \$81.3 million; a discussion of each follows. The Department's request is consistent with the Budget Office's estimated current services target of \$647.4 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

*The Governor recommends \$612.1 million for managed care expenses, including \$290.8 million from general revenues. His recommendation is \$25.9 million less than the conference estimate and he includes several savings proposals, discussed separately.*

**RIte Care.** The Caseload Estimating Conference estimates RIte Care expenditures at \$541.2 million including \$257.8 million from general revenues. This is \$3.2 million more than enacted, including \$1.3 million more from general revenues based on increased caseload, updated cost projections and adjusting for the FY 2013 Medicaid rate. The Department's request is consistent with the Budget Office's estimated current services target; it does not reflect the caseload estimate.

Currently, children up to age 19 are eligible for RIte Care if their household income is at or below 250 percent of poverty. For a family of three, the income would be at or below \$47,725 a year. Parents are included in the coverage if the household income is at or below 175 percent or \$33,408 annually for a family of three. Coverage is also provided to children with special health care needs. The number of enrollees in RIte Care in November 2011 is 124,062 including foster children and children with special health care needs.

*The Governor includes \$513.3 million from all sources, including \$244.9 million from general revenues. His recommendation is \$25.9 million less than the conference estimate, including \$12.9 million less from general revenues. His savings proposals are discussed separately.*

**Managed Care Capitated Payment.** The state pays a monthly capitated payment to both Neighborhood Health and United Healthcare to provide medical benefits for its RIte Care and Rhody Health enrollees. The state also negotiates a risk share/gain share agreement within the payment system to offset any losses or gains the state may incur with the managed care plans during the reconciliation process.

*The Governor includes savings of \$28.9 million from all sources, including \$14.0 million less from general revenues from reducing the managed care capitation payments by 4.14 percent. This includes savings of \$19.6 million for RIte Care, including \$9.5 million from general revenues. Final FY 2011 expenses were \$22.0 million lower than the final appropriation from all sources. The Department reports that recent reconciliations indicate that growth in the actual cost experience of providing medical coverage for this population has fallen below the trends assumed in the capitation payments and projected price inflators.*

**Adult Dental Services.** The state chooses to provide optional dental services to adults, age 21 and older. *The Governor's budget eliminates dental services to this population and he assumes savings of \$5.7 million from all sources, including \$2.7 million from general revenues. He includes savings of \$2.2 million in the RIte Care program. He also includes Article 31 to make this change.*

**Alternative Services and Utilization Reviews.** The enacted budget includes savings of \$0.1 million, including \$49,098 from general revenues from allowing the use of pain management specialists or centers to reduce the client's utilization of pharmaceuticals and hospital visits beginning March 1, 2012. It also adds injections, nutrition counseling, behavioral health and care management services to the list of services covered, including physical therapy and rehabilitation services for managed care recipients, including RIte Care members.

*The Governor continues to assume the savings will be achieved and includes further savings of \$4.1 million from all sources, including \$1.9 million from general revenues from further initiatives addressing utilization in the managed care plans. He includes savings of \$3.1 million in RIte Care, including \$1.5 million from general revenues.*

*He includes savings from reducing hospital re-admissions and improved care coordination through using the lifeline program which offers free cell phones with limited minutes to qualifying individuals, including those on Medicaid.*

*He also assumes savings from offering less costly and less invasive alternatives to weight loss including nutrition services and an exercise option compared to surgery. The Department reports that the average bariatric surgery can cost between \$24,000 for a RIte Care member to \$37,000 for those*

enrolled in Rhody Health. It should be noted that bariatric surgeries are covered under existing criteria; however, there were none in FY 2011.

**Medical Home.** Rlte Care members are required to have a primary care medical home and may choose a provider within the health plan’s network while some members choose to receive care at clinics operated by the community hospitals. *The Governor recommends savings of \$1.0 million, including \$0.5 million from general revenues from requiring the health plans to attempt to transition Rlte Care recipients using the hospital clinics, at an average cost per person payment of \$2,800, to either a physician’s office, at an average cost of \$2,300, or a federally qualified health center at an average cost of \$2,200.*

**Rlte Care Co-Share Increases.** The FY 2012 enacted budget includes savings of \$1.4 million, including \$0.7 million from general revenues for an increase to the existing monthly cost sharing requirement for families between 150 and 250 percent of federal poverty to five percent of family income, effective October 1, 2011. However, the Centers for Medicare and Medicaid Services did not allow the state to implement the rate increase because an increase in premiums over those in effect on March 23, 2010 is a more restrictive eligibility procedure, which is inconsistent with maintenance of effort requirements of the Affordable Care Act. Even though the state had the authority on March 23, 2010 to increase the rates, increasing them after that date was not allowed.

As a result, the rate increase did not occur; however, the Department indicated in its November 2011 caseload testimony that the savings would still be achieved; however, it was not determined how this would occur. The caseload estimate and the Department’s request continue to assume the savings.

Currently, families with income from 150 percent to 250 percent of federal poverty pay a monthly cost sharing requirement of \$61, \$77 or \$92, depending on the family’s income, for receipt of Rlte Care services. There are no co-payments for families with income up to 150 percent of federal poverty. Rhode Island General Law 40-8.4-4 allows for cost sharing that does not exceed five percent of annual income for families with income in excess of 133 percent of federal poverty and that no cost sharing is required for pregnant women and children under one year of age. The current levels are approximately 3.4 percent of annual income.

The following table includes the current co-payments which are in effect through September 30, 2011, the increased rates included in the enacted budget, which are five percent of the lowest income level in each bracket and were to begin October 1, 2011, and the increase in the monthly co-payment. As previously mentioned, the state was not allowed to increase the rates, so the current rates remain at the September 30, 2011 levels.

<b>Rlte Care Co-Pays</b>			
<b>Poverty Level</b>	<b>Ending 9-30-11</b>	<b>Starting 10-1-11</b>	<b>Increase</b>
Up to 150	\$ -	\$ -	\$ -
150 up to 185	61	91	30
185 up to 200	77	113	36
200 up to 250	92	122	30

*\*9-30-11 rates still in effect because disallowed by Centers for Medicare and Medicaid Services.*

*The Governor’s budget also continues to assume the savings.*

**Rlte Share.** The Caseload Estimating Conference estimate includes Rlte Share expenditures of \$15.5 million, including \$7.3 million from general revenues. This is \$1.5 million more than enacted,

including \$0.6 million more from general revenues, based on increased utilization. The Department's request is consistent with the Budget Office's estimated current services target, which is based upon the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

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 Share eligible recipients if the coverage is similar to the cost and services offered through RItE Care. Until October 1, 2011, the state also paid the co-pays for prescriptions and doctor's visits when the charges exceed the amount that the employer's insurance will pay.

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 number of enrollees in RItE Share in November 2011 is 11,604. *The Governor recommends the conference estimate.*

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate includes FY 2013 fee-based managed care expenditures of \$81.3 million from all sources, of which \$38.6 million is general revenues. The estimate is \$13.0 million more than enacted, including \$6.0 million more from general revenues from shifting some expenses from RItE Care to fee-based managed care and increased transportation expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. The Department's request is consistent with the Budget Office's estimated current services target, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate. *The Governor recommends the conference estimate.*

**Hospital Outpatient Rates in Managed Care.** The enacted budget includes savings of \$5.6 million from all sources from capping the increase in the outpatient reimbursement rates by the outpatient prospective payment system market basket index, beginning January 1, 2012. The budget also limits the increase in the rates paid to the hospitals for services through the managed care plans to the Centers for Medicare and Medicaid Services' prospective payment index rates. The caseload estimate and the Department's request assume these savings will be achieved in FY 2013. *The Governor recommends the conference estimate.*

## **Rhody Health**

**Rhody Health.** The Caseload Estimating Conference estimate includes expenditures of \$215.0 million from all sources, including \$104.3 million from general revenues for the program for FY 2013. This is \$23.8 million more than enacted, including \$13.2 million more from general revenues. The estimators assume additional costs from caseload growth, especially in the more expensive population groups. The Department's request is consistent with the Budget Office's estimated current services target of \$199.9 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

The Department indicated that there were 12,660 individuals enrolled on average each month in FY 2011. 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. Clients who are not enrolled in Rhody Health include those individuals who are also eligible for Medicare. This includes a significant portion of the adults with developmental disabilities population who are dependent children

of Medicare recipients. Their medical costs will continue to be paid through a fee-for-service reimbursement system, which is shown in the other medical services section of the analysis. *The Governor's recommendation is \$10.2 million less than the conference estimate for funding of \$204.8 million. He includes \$99.4 million from general revenues, \$5.0 million less than the conference estimate. He includes several initiatives, discussed separately.*

**Managed Care Capitated Payment.** The state pays a monthly capitated payment to both Neighborhood Health and United Healthcare to provide medical benefits for its RItE Care and Rhody Health enrollees. The state also negotiates a risk share/gain share agreement within the payment system to offset any losses or gains the state may incur with the managed care plans during the reconciliation process.

*The Governor includes savings of \$28.9 million from all sources, including \$14.0 million less from general revenues from reducing the managed care capitation payments by 4.14 percent. This includes savings of \$9.2 million for Rhody Health, of which \$4.5 million is general revenues. The Department reports that recent reconciliations indicate that growth in the actual cost experience of providing medical coverage for this population has fallen below the trends assumed in the capitation payments and projected price inflators.*

**Expanded Services and Utilization Reviews.** The enacted budget includes an initiative to allow the use of pain management specialists or centers to reduce the client's utilization of pharmaceuticals and hospital visits, beginning March 1, 2012. It also adds injections, nutrition counseling, behavioral health and care management services to the list of services covered in addition to physical therapy and other rehabilitation services.

*The Governor's budget continues to assume the savings will be achieved and includes further savings of \$4.1 million from all sources, including \$1.9 million from general revenues from further initiatives addressing utilization in the managed care plans. He includes savings of \$1.0 million in Rhody Health, including \$0.5 million from general revenues.*

*He includes savings from reducing hospital re-admissions and improved care coordination through using the lifeline program which offers free cell phones with limited minutes to qualifying individuals, including those on Medicaid.*

*He also assumes savings from offering less costly and less invasive alternatives to weight loss including nutrition services and an exercise option compared to surgery. The Department reports that the average bariatric surgery can cost between \$24,000 for a RItE Care member to \$37,000 for those enrolled in Rhody Health. It should be noted that bariatric surgeries are covered under existing criteria; however, there were none in FY 2011.*

## Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$56.8 million; this is \$0.7 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's request is consistent with the Budget Office's estimated current services target of \$59.9 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients. *The Governor recommends the conference estimate.*

**Pharmacy.** The Caseload Estimating Conference estimate includes FY 2013 pharmacy expenditures of \$5.8 million, of which \$2.8 million is from general revenues. The request is \$3.9 million less than enacted, including \$1.8 million less from general revenues, from the realization of higher drug rebate percentages in FY 2011 and FY 2012 than had historically been received. The Department's request is consistent with the Budget Office's estimated current services target of \$10.4 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below. *The Governor recommends the conference estimate.*

**Medicare Drug Benefit - Part D Clawback.** The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$51.0 million, \$4.6 million more than enacted. The Department's request is consistent with the Budget Office's estimated current services target of \$49.6 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but pay a \$1 co-payment for generic drugs or a \$3 co-payment for brand names. *The Governor recommends the conference estimate.*

### **Other Medical Services**

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

**Other Medical Services.** The Caseload Estimating Conference estimate includes expenditures for other medical services at \$121.0 million, which includes \$46.2 million from general revenues. The estimate is \$3.0 million more than the enacted budget, including \$2.2 million more from general revenues. The conference estimate adjusts for the updated Medicaid rate for FY 2013 and increases the caseload and costs for all services, including transportation, physician services, durable medical equipment and federal Medicare premiums. The Department's request is consistent with the Budget Office's estimated current services target of \$122.2 million, which is based on the updated Medicaid match rate for FY 2013 and cost and utilization increases; it does not reflect the caseload estimate.

*The Governor recommends \$114.0 million from all sources, including \$42.7 million from general revenues for other medical services. His recommendation is \$7.1 million less than the conference estimate, including \$3.4 million less from general revenues. He assumes savings of \$0.5 million, \$0.2 million from general revenues from expanding the number of post-payment surveillance utilization reviews.*

*He also includes savings of \$0.3 million, of which \$0.1 million is general revenues, from shifting 131 individuals enrolled in care management modeled Connect Carre to Connect Care Choice providing primary care services to disabled adults. He includes additional savings proposals, discussed separately.*

**Adult Dental Services.** The state chooses to provide optional dental services to adults, age 21 and older. *The Governor's budget eliminates dental services to this population and assumes savings of \$5.7 million from all sources, including \$2.7 million from general revenues. He includes savings of \$3.3 million, \$1.6 million from general revenues, in the other medical services program. He also includes Article 31 to make this change.*

**Katie Beckett Services.** The state provides optional home and community based services to approximately 1,100 children with special health care needs who would otherwise require institutional care. The enacted budget includes \$35.0 million for these services. *The Governor assumes savings of \$0.8 million, \$0.4 million from general revenues, from reviewing the level of care and services authorized in an individual's care plan to determine if the appropriate services are being provided. The Department anticipates a five percent reduction in expenses based on the review.*

**Medical Assistance Recoveries.** The Department's Medicaid estate recovery unit recoups medical costs from the estates of Medicaid beneficiaries, including nursing home residents, under certain circumstances, once they have passed away. A claim may not be filed where the recipient is under the age of 55 or where there is a surviving spouse, minor child or blind/disabled child. The state also intercepts personal income tax refunds to offset overpayment of medical or cash assistance benefits.

*The Governor includes savings of \$1.1 million, of which \$0.5 million is general revenues, from expanding medical assistance recoveries. He includes Article 32 to require that any insurance liability or workers' compensation payment that is \$3,000 or more and made to an individual who has received medical assistance benefits over \$500 will be recovered by the Office to pay for applicable expenses; and gives the right of subrogation to the Executive Office for the purposes of the recovery. The article also amends requirements to settle an estate that has not been admitted to probate by allowing the Office to place a lien through the land evidence records.*

*The article also requires notification to the Office, within ten days, by any individual receiving medical assistance who has transferred any real or personal property. It also adds a requirement that when a probate estate is opened, the executor or administrator must provide an affidavit to the Probate Court and to the Office stating that no Medicaid obligation or lien exists and include the form that must be completed within 30 days of the Office's request.*

**Children's Health Account.** The caseload estimate includes the enacted level of \$11.1 million from restricted receipts, which provide direct general revenue savings, for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Department of Human Services for those services, not to exceed \$7,500 per service per child per year. The Department's request is consistent with the caseload estimate. *The Governor recommends the conference estimate.*

**Health Homes Phase I – CEDARR.** The enacted budget includes general revenue savings of \$1.3 million from providing home and community based treatment services through a new health home model with the federal government paying 90.0 percent of the costs of Medicaid covered services. The November caseload estimate and the Department's request assume the savings will be achieved in FY 2012 and FY 2013.

The Affordable Care Act provides for states to receive 90.0 percent federal match for two years for a set of home and community services defined in the Act as a “health home,” including those provided to disabled children. These services include comprehensive case management, care coordination, health promotion, transitional care from an inpatient setting to other settings, individual and family support, referral to community and social services and the use of health information technology to link services. *The Governor continues to include the savings in his recommendation.*

**Non-Emergency Medical Transportation.** The state reimburses wheelchair van providers for non-emergency medical transportation to Medicaid recipients who have no other form of transportation available to them. As of February 1, 2011, the Department reduced the reimbursement of \$25.65 per trip plus \$1.75 per mile for non-wheelchair van transportation to a flat rate of \$22.00 per trip and provides the \$0.51 mileage reimbursement for out-of-state trips only, consistent with the Internal Revenue Service’s 2011 business miles reimbursement rate for passenger vehicles. The Department is also in the process verifying that each requested trip is appropriate and has a pre-authorization. It should be noted that Massachusetts requires a doctor’s note or prescription for transportation services.

It should also be noted that the Department no longer has to provide transportation services to those adults with developmental disabilities who receive services through Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Transportation expenses for those clients will be included in new rates implemented through Project Sustainability. *The Governor recommends funding consistent with the estimate.*

### Central Management

**Program Audit and Oversight Unit.** The Executive Office and Health and Human Services does not have an official unit to conduct program and performance reviews for all the health and human service agencies to include reviewing compliance with state and federal requirements and program standards. *The Governor recommends \$150,170 from general revenues for five positions, starting March 2013, to staff the newly created Program Audit and Oversight Unit in the executive office to perform these functions.*

**Health Care Planning and Accountability Advisory Council.** The Office includes the enacted level of \$150,000 for support to the health care planning and accountability advisory council. The support activities include research and reporting related to the council’s objective to develop ongoing assessments of the state’s health care needs and health care system. *The Governor includes funding as requested.*

**Staffing Transfers.** The Office adds nine positions to its current authorized level for total staffing of 158.0 positions in the executive office. This includes transferring three positions from the Department of Health, one from the Department of Human Services, adds legal staff position for an individual previously assigned to the Office of Economic Recovery and Reinvestment and four new positions for the federal money follows the person grant and, discussed separately. The Office requests \$0.9 million from all sources for the positions, primarily from general revenues. *The Governor transfers the positions and includes \$79,176 less than requested for updated retirement rates.*

**Race to the Top Funding.** In December 2011, the state received \$50.0 million in federal Race to the Top – Early Learning Challenge funds to be used, in coordination the Department of Elementary and Secondary Education and several health and human service agencies, to improve education for pre-school students. *The Governor recommends \$312,000 from federal funds to provide technical support for the new grant.*

**Rlte Care Administration.** The Department requests \$4.5 million from all sources for Rlte Care administration expenditures. The Department assigns both full-time equivalent positions and administrative consultants to the Rlte Care program, specifically through Allied Computer Services, who perform such functions as research, negotiations for existing contracts, data processing and program implementation. The request is \$0.4 million less than enacted and shifts a portion of the contract to be accounted for separately in the other medical services administration section. The request includes \$29,958 for all other operating costs. *The Governor recommends \$4.5 million for administration expenses, including \$2.2 million from general revenues.*

**Rlte Share Administration.** The Department requests \$1.7 million, which is \$3,774 less than enacted from all sources for Rlte Share administration expenditures. The request includes \$1.6 million from contracted administrative services, specifically with Allied Computer Services. The request includes \$25,020 for lease costs, various maintenance and repair expenses, printing, postage and general office supplies. *The Governor recommends funding as requested.*

**Early Intervention Administrative Operations.** The Department requests \$3.0 million from all funds, including \$0.5 million from general revenues for operating expenses for the early intervention program, excluding salaries and benefits. The request is \$56,870 more than enacted from all sources, including \$18,065 more from general revenues. The request includes \$2.2 million from the federal grant the state receives annually for children who are not Medicaid eligible and \$0.6 million for administrative costs for Medicaid eligible children. The state maintains a contract with 13 providers for the delivery of early intervention services. The request also includes \$99,712 for new computers, equipment and desks, \$60,093 for office and program supplies, \$30,538 for printing and \$9,905 for all other operating expenses. *The Governor recommends funding as requested.*

**Data Warehouse and Information Technology Upgrades.** The Department requests \$15.5 million from all sources, including \$1.7 million from general revenues and \$13.8 million from federal funds for several projects, including the data warehouse and various technology upgrades for Medicaid administrative operations in FY 2013. This is \$9.6 million more than enacted, including \$0.6 million more from general revenues.

The request includes \$9.0 million for Medicaid reform resulting from the Healthcare Reform Act, \$0.9 million for maintenance of the data warehouse, \$5.0 million for enhancements to the MMIS system, \$0.5 million for the electronic health record incentive planning and \$0.1 million for the required audit for the disproportionate share payment to hospitals.

The Department is developing and operating several new programs with help from the Centers for Medicare and Medicaid Services. The first is for the new MMIS Choices project, which will create a data repository and reporting system containing Medicaid-related information from data sources across the state's health and human services agencies, known as a data warehouse. The second project is a new technology assessment, which will evaluate the current status of how many tasks are manual, partially automated and fully automated and then determine which direction the Department should take in terms of technology and help the state determine whether to update the current claims payment system, MMIS, or to replace it in the future.

*The Governor recommends \$16.0 million, including \$14.2 million from federal funds and \$1.9 million from general revenues. He includes \$500,000 from all funds, including \$125,000 from general revenues for data warehouse educational outreach and administrative activities.*

**Electronic Health Records.** In July 2011, the Department began the Electronic Health Records Incentive program where eligible medical providers and acute care hospitals with at least 30 percent and

10 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. Subsequent to the request, the Department indicated it inadvertently omitted its anticipated incentive payments from its request. *The Governor includes \$13.7 million in FY 2013. He also includes \$18.1 million in his revised budget.*

**Money Follows the Person Grant Administrative Costs.** The Office requests new federal funding totaling \$1.1 million to support the administrative activities of the Money Follows the Person grant initiative. This includes \$0.5 million for two new nurses, a new housing specialist and new clerical staff also included in the FY 2012 revised request, and \$0.6 million for technical, management and operating support for the rebalancing grant. *The Governor recommends \$39,956 less than requested for updated retirement rates. It should be noted that the grant authorization has not changed, just the use of the funds.*

**Medicaid Administration.** The Department contracts for administrative functions, including claims processing for the Medicaid program. That function has also been transferred from the Department of Human Services. *The Governor includes \$22.2 million from all sources, including \$6.1 million from general revenues for these costs.*

**Other Salaries and Benefits.** The Office requests \$16.9 million from all funds for all other salaries and benefits, \$1.8 million more than enacted including \$0.8 million more from general revenues and \$0.5 million more from federal funds. This includes updates for Budget Office planning values and leaves approximately ten positions vacant throughout FY 2013. *The Governor recommends \$1.4 million less than requested, primarily for updated retirement rates.*

**Office Relocation.** The Office requests \$156,030 in additional general revenues for the Office's rented space at the Foundry Building in Providence. The transition to the Foundry Building has not yet been finalized. The office will be moving into space formerly occupied by the Department of Environmental Management. Currently all office employees are located at the Pastore Center in Cranston. *The Governor does not recommend funding as requested.*

**Other Operating Expenses.** The Department requests \$86,026 from all funds, \$66,087 more than the enacted budget for other operating expenses. This includes \$75,469 from general revenues, or \$65,154 more than enacted. Consistent with the revised request, the Office adds \$15,000 for conference and travel costs to meet with the Centers for Medicare and Medicaid Services on changes under federal health care reform when teleconferencing is not available. It also adds \$15,466 for cell phones and \$35,204 for office equipment and supplies for Medicaid administrative staff transferred from the Department of Human Services in the FY 2012 enacted budget.

*The Governor recommends \$0.2 million more than requested. He adds \$75,915 from indirect cost recovery funds in unidentified operating costs available from the new retirement rates. Since the Governor also adds general revenues for certain operating expenses; it appears that the newly available restricted receipts could be used to support those expenses. He also adds \$42,500 for contracted legal services transferred from the Department of Human Services.*

**Special Education.** The Department's request includes \$25.3 million for the federal portion of special education expenditures, including benefits and administration expenses. The state match is provided by the local school districts. *The Governor recommends \$22.9 million, \$2.4 million less than requested for projected program costs.*

**2012-H 7323**

The Governor recommends legislation that affects implementation and operation for some of the Office's programs. These are included as articles in the Governor's FY 2013 recommended budget and are summarized below.

Article 15 - Hospital Uncompensated Care. Article 15 extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2014 that does not exceed \$126.2 million.

Article 17 Medical Assistance – Dental Benefits for Adults. This article authorizes the Executive Office of Health and Human Services to eliminate Medicaid coverage of dental services for adults age 21 years and older. Medicaid eligible individuals under age 21 will still maintain dental coverage through the RItte Smiles or fee-for-service Medicaid programs. The budget assumes this will be effective October 1, 2012 and includes general revenue savings of \$2.7 million for the final nine months of FY 2013.

Article 18 - Office of Health and Human Services. The article eliminates reference to the Department of Elderly Affairs which is now part of the Department of Human Services and lists four agencies instead of five under the umbrella of the Executive Office of Health and Human Services. It also identifies the Office as the designated state Medicaid agency. This article also makes a technical correction to replace any reference to the Department of Mental Health Retardation and Hospitals with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Article 24, Section 1 - Hospital Licensing Fee. This section extends the hospital licensing fee in FY 2013 at a rate of 5.43 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after September 30, 2010. It also includes the due date for filing returns and making the payment.

The budget assumes total revenue collected from the hospitals will be \$143.8 million including \$138.0 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This article appears annually in the Appropriations Act.

Article 31 - Medicaid Global Waiver Resolution. Article 31 is a resolution to notify the Assembly and seek approval to make three changes to the Medicaid global waiver for programs under the Office of Health and Human Services. The change allows the state Medicaid agency to reduce, at its discretion, nursing home rates by no more than 1.8 percent in FY 2012 and FY 2013 to clarify that the reduction taken in FY 2010 impacted the base rate assumed for the facilities. The FY 2012 enacted budget assumed this reduction, but without this legislation it appears approximately \$5.9 million from all sources would be required in both years.

The changes also affect optional dental services to individuals 21 or older and add alternative benefits to encourage non-invasive approaches to address obesity issues and reduce hospital re-admissions. These changes are considered category 2 and assume requiring statutory changes or changes to the state's rules and regulations.

Article 32 - Medical Assistance Recoveries. The article requires that any insurance liability or workers' compensation payment made to an individual that is \$3,000 or more and who has received medical assistance benefits over \$500 will be recovered by the Office and Health and Human Services to pay for applicable expenses; and gives the right of subrogation to the executive office for the purposes of the recovery. The article also amends requirements to settle an estate that has not been admitted to probate by allowing the Office to place a lien through the land evidence records.

The article also requires notification to the Office of Health and Human Services, within ten days, by any individual receiving medical assistance who has transferred any real or personal property. It also adds a requirement that when a probate estate is opened, the executor or administrator must provide an affidavit to the Probate Court and to the office stating that no Medicaid obligation or lien exists and include the form that must be completed within 30 days of the Office's request.



## Department of Children, Youth and Families

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 6,695,122	\$ 7,198,620	\$ 7,379,538	\$ 6,926,599
Child Welfare	148,560,953	156,932,464	154,854,835	153,228,410
Juvenile Corrections	32,802,323	32,567,173	33,911,660	32,431,289
Children's Behavioral Health	22,745,874	21,133,184	18,672,549	18,670,980
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 211,004,272</b>	<b>\$ 218,031,441</b>	<b>\$ 215,018,582</b>	<b>\$ 211,457,278</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 65,909,163	\$ 69,052,411	\$ 75,224,263	\$ 69,144,633
Contracted Services	3,831,734	5,211,595	5,233,102	4,759,525
<b>Subtotal</b>	<b>\$ 69,740,897</b>	<b>\$ 74,264,006</b>	<b>\$ 80,457,365</b>	<b>\$ 73,904,158</b>
Other State Operations	8,540,692	7,869,609	7,566,508	9,324,800
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	129,804,163	132,751,924	125,220,048	125,232,320
Capital	2,918,520	3,145,902	1,774,661	2,996,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 211,004,272</b>	<b>\$ 218,031,441</b>	<b>\$ 215,018,582</b>	<b>\$ 211,457,278</b>
<b>Sources of Funds</b>				
General Revenue	\$ 145,198,983	\$ 152,293,846	\$ 152,231,643	\$ 146,929,631
Federal Aid	59,625,993	60,052,313	58,391,119	58,706,394
Restricted Receipts	3,389,296	2,825,382	2,621,159	2,825,253
Other	2,790,000	2,859,900	1,774,661	2,996,000
<b>Total</b>	<b>\$ 211,004,272</b>	<b>\$ 218,031,441</b>	<b>\$ 215,018,582</b>	<b>\$ 211,457,278</b>
<b>FTE Authorization</b>	<b>662.5</b>	<b>662.5</b>	<b>662.5</b>	<b>665.5</b>

**Summary.** The Department of Children, Youth and Families requests \$215.0 million from all funds, including \$152.2 million from general revenues, \$58.4 million from federal funds, \$2.6 million from other funds, \$1.8 million from restricted receipts and 662.5 full-time equivalent positions. *The Governor recommends \$211.5 million from all funds including \$146.9 million from general revenues, \$58.7 million from federal funds, \$2.8 million from restricted receipts and \$3.0 million from other funds and includes 665.5 full-time equivalent positions.*

**System of Care.** The FY 2012 enacted budget includes savings of \$10.7 million from all sources including \$5.1 million from general revenues by implementing the final phase of the system of care transition. This would reduce lengths of stay, increase the effectiveness of treatment interventions and ensure more effective transitions to community-based services. The Department has delayed final implementation by six months until July 1, 2012; however, it continues to assume the savings but does not add back any savings into the budget. The Department plans to achieve these savings through a 6.0 percent rate reduction and reduced residential placements. *The Governor recommends funding as requested and assumes savings from the rate reduction.*

**Federal Reimbursement Shortfall.** The Department's request adds \$3.5 million from general revenues to backfill the loss of federal Medicaid and Title IV-E funds that the Department cannot claim for anticipated expenses in its child welfare program. The Department indicates that the shortfall is the result of a lower Medicaid reimbursement to the Department because it now places children in less restrictive and independent living programs which are not eligible for Medicaid reimbursement.

The Department's FY 2012 revised request also makes a similar correction. While the Department has significantly reduced the number of children in out of home placements, the less restrictive services are not eligible for Title IV-E funds. The Department assumed 28.0 percent of its caseload would qualify under Title IV-E with the state funding the remaining; however, these placements only accounted for 22.0 percent of the caseload causing a shortfall. *The Governor recommends funding as requested.*

**Statewide Savings.** The enacted budget includes a three percent statewide reduction, two percent to personnel and one percent to operating costs in the budgets of cabinet level agencies, elected officials, the Judiciary and Legislature. For the Department of Children, Youth and Families the statewide savings are \$1,657,376 from general revenues, including savings \$1,582,475 in personnel costs. The Department's revised request does not include the savings and it adds back general revenues. *The Governor recommends funding as requested.*

### **Juvenile Corrections**

**Salaries and Benefits – Juvenile Corrections.** The Department requests \$25.4 million from all sources for salary and benefit expenditures in the juvenile corrections program, including \$25.2 million from general revenues and \$0.2 million from federal funds. This is \$3.3 million more than enacted, primarily from general revenues. The request assumes Budget Office planning values for medical benefits and retirement rates and includes the enacted level of 228.0 full-time equivalent positions.

The Department restores funding for 12.0 of the 15.0 positions that were to be eliminated through attrition from the consolidation of the girls' training school into boys' facility; staff was instead transferred to the boys' facility. *The Governor recommends \$2.4 million less than requested which includes \$2.5 million for retirement rate adjustments and minor adjustments for other benefits.*

**Training School Placements.** The Department requests \$3.3 million from all sources, including \$2.4 million from general revenues and \$0.9 million from federal funds for expenditures for juveniles at the training school, including medical, counseling, and educational services. This is \$1.5 million less than enacted, including \$0.6 million from general revenues and \$0.9 million from federal funds. The Department indicates that this is due to a lower than anticipated census at the training school and for juveniles that are placed with community based providers. *The Governor recommends funding as requested.*

**Probation and Parole.** The Department requests \$3.2 million from all sources including \$3.1 million from general revenues and \$35,604 from federal funds which is \$0.5 million less than enacted for youth that are released from the training school and require some period of supervision in a community based program. The Department indicates that the cost of treating juveniles in the community is significantly lower than keeping them in a residential placement and that it has not transferred as many residents of the Rhode Island Training School and associated placements to probation and parole as it had planned. These services include day programs, youth diversionary programs and community-based residential placements through the temporary custody placement program. Between FY 2007 and FY 2011, the number of youth involved with juvenile probation and parole dropped from 1,354 to 855. *The Governor recommends funding as requested.*

**Juvenile Corrections Operating.** The Department requests \$1.9 million from all sources, including \$1.8 million from general revenues and \$0.1 million from federal funds for operating expenses at the training school. This is \$0.2 million less than enacted, primarily from general revenues. The Department has indicated that the request is based on revised spending projections for various expenses, including maintenance and repairs for the training school and staff training. The Department overspent operating expenses for juvenile corrections by \$0.2 million in FY 2011. *The Governor recommends \$54,378 more than requested for operating costs; including \$41,724 more than enacted for building occupancy expenses to be paid to the Judiciary for use of office space by juvenile probation and parole.*

### Placements

Within the Child Welfare and Behavioral Health programs the Department provides community based services and residential services to dependent, neglected or abused children, or children at risk of abuse and neglect, as well as therapeutic services to seriously emotionally disturbed children. These services include day care, foster care, adoption, emergency shelters, group homes, residential treatment centers, supervised apartment programs, counseling, independent living programs and services to help youth transition from the Department's care.

**18 to 21 Year Olds.** The Department requests \$13.1 million for services provided to youth between the ages of 18 and 21 years old. This is \$1.7 million less than enacted, including \$1.7 million from general revenues and \$3,564 from federal funds. This decrease is consistent with the FY 2012 revised request which includes a reduction in state-only services. The Department indicates that it continues to reduce services to individuals in this age range, focusing on delivering services to individuals that are developmentally disabled and transitioning clients out of care by age 18. At the end of the first quarter of FY 2012, there were 197 youth in this population being served. At the close of FY 2011 the Department provided service to an average of 234 individuals and in FY 2010 was providing services to an average of 241 individuals between the ages of 18 to 21. *The Governor recommends \$374,862 less than requested based on his recommendation to eliminate the Young Adults Establishing Self-Sufficiency Program, also known as the YESS, aftercare program.*

**Purchased Placements.** The Department requests \$14.9 million from all funds, including \$12.0 million from general revenues and \$2.9 million from federal funds for purchased placements. This includes \$1.2 million less from general revenues and \$2.6 million more from federal funds. The request assumes the federal reimbursement will be available for the majority of clients admitted to these programs. As the following table shows, the number of purchased placements has decreased from an average of 501 in FY 2008 to an average of 306 in FY 2011.

Average Annual Purchased Placements						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012*
Specialized Foster Care	167	184	179	126	124	113
RI Residential	136	167	158	140	101	97
MA Residential	116	113	83	53	52	45
Other Out-of-State Residential	38	36	20	18	8	7
<b>Total</b>	<b>457</b>	<b>501</b>	<b>440</b>	<b>337</b>	<b>306</b>	<b>262</b>

\* Average, first quarter of FY 2012.

*The Governor recommends \$0.5 million more than requested to fund special education for children that are placed in schools outside of their home district. The Department of Elementary and Secondary Education is transitioning to a new methodology that will shift more financial responsibility for these children to the Department.*

**Foster Care and Adoption.** The Department requests \$23.4 million from all sources, including \$16.3 million from general revenues and \$7.1 million from federal funds for foster care and adoption services. This is \$2.4 million more than enacted including \$1.9 million more from general revenues and \$4.8 million less from federal funds. The Department indicates that the estimate is based on actual expenditures from FY 2011 and the FY 2013 request is \$1.3 million less than the FY 2012 revised request. It also indicates that the use of the state-only foster care program expenses has increased and Title IV-E reimbursable services have been reduced by approximately 5.0 percent. While the caseloads have remained the same, the cost to the state, due to reduced Title IV-E reimbursements, has increased due to the less restrictive levels of treatment that are not reimbursed at the same rate as high end residential treatment. The average number of foster care placements in FY 2011 was 1,123. *The Governor recommends funding as requested.*

**Family Service Units/Child Protective Services.** The Department requests \$0.8 million from general revenues for the four family service units and for child protective services. This is \$0.7 million less than enacted reflecting the Department's policy to work with families to prevent removing a child from its home. The Department indicates that savings are partially the result of a continued reduction in counseling services and only operating out of three offices as opposed to four after closing the Pawtucket office in FY 2011.

The family services units are located in Providence, Bristol and North Kingstown. The offices are located around the state because it allows social workers better access to families in crisis and to the major agency providers whose services supplement and support the Department's efforts to improve family functioning. As more children are moved from residential placements back to their homes or to community based settings, additional funds for these units become necessary. These costs are offset by the savings from reductions to more expensive residential services. *The Governor recommends funding as requested.*

**Child Welfare – Parental Contributions.** The request includes \$195,399 from restricted receipts for parental contributions, which is \$467,015 less than enacted. The Department indicates that it has been unable to collect the estimated contributions from the parents because the family court decided against mandating the collection of child support for children in care. The Department reports that this is still an option but that it would need judicial or legislative approval to mandate child support collection. *The Governor recommends funding as requested.*

**Independent Living Program.** The Department requests \$0.6 million for the independent living program, which is \$0.7 million less than enacted from federal funds. This is a multiyear grant that can be used in forthcoming fiscal years. This program provides services for youth between the ages of age 16 and 18 that are transitioning from the Department's care. These services includes vocational training, work experience, and day-to-day experiences, such as managing financial, medical, housing, transportation, and recreation needs. As of the first quarter of FY 2012, there was an average of 15 youth in this program; in FY 2011 there was an average of 25 youth. In FY 2010 and FY 2009, there was an average of 27 youth and 35 youth, respectively. *The Governor recommends funding as requested.*

**Community Service Grants.** The Department requests the enacted level of \$0.3 million from general revenues for community service grants. *The Governor recommends \$59,681 less than requested to reflect a 25.0 percent reduction to all community service grants.*

**Other Child Welfare Community Based Services.** The Department requests \$8.0 million from all sources, including \$2.0 million from general revenues, \$3.5 million from federal funds, and \$2.6

million from restricted receipts for other community based placements in the child welfare program. The request is \$1.4 million less than enacted including \$0.5 million less from general revenues. *The Governor recommends funding as requested.*

**Child Welfare Residential Placements.** The Department requests \$42.6 million from all sources for residential placements in the child welfare program. This includes \$31.9 million from general revenues and \$10.7 million from federal funds. This is \$2.4 million more from all sources, including \$3.9 million more from general revenues, offset by \$1.5 million less from federal funds. The Department continues to experience an increase in services that are funded solely by the state. This reflects both the demographics of the children being placed in care and the expanded use of community based services that are not eligible for Medicaid or Title IV-E reimbursement. *The Governor recommends funding as requested.*

**Behavioral Health Residential Placements.** The Department requests \$10.7 million from all funds, which is \$2.4 million less than enacted including \$1.6 million less from general revenues and \$0.8 million less from federal funds. The Department indicates that savings will be achieved by reducing the number of children eligible for intensive services. Residential treatment services for seriously behaviorally disturbed youth provide around the clock treatment and care with programs tailored to individual, group and family therapy behavioral modification, special education and recreational therapy. The Department spent \$14.1 million from all sources in FY 2011. *The Governor recommends funding as requested.*

**Behavioral Health Community Based Services.** The Department requests \$3.9 million from all sources, including \$1.9 million from general revenues and \$2.0 million from federal funds for other behavioral health community based services. This is \$0.4 million more than enacted, including \$0.5 million more from general revenues. These services include grants to improve education, reduce child abuse, and prevent violence in schools. The adjustments to grant awards are based on revised spending projections. *The Governor recommends \$53,185 less than requested to reflect the proposal to eliminate the life skills program at the training school.*

**Positive Education Partnerships.** The Department does not request funding for the positive education partnership grant. This is \$1.7 million less than enacted because federal funding for this grant expires at the end of FY 2012. 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 Department has not indicated how these providers will be funded without this grant. *The Governor recommends funding as requested.*

### **All Other Staffing**

**Salaries and Benefits – Child Welfare.** The Department requests \$42.6 million from all sources for salary and benefit expenditures in the child welfare program, including \$25.2 million from general revenues and \$17.4 million from federal funds. This is \$4.7 million more than enacted, including \$0.2 million more from general revenues and \$4.6 million from federal funds. The request assumes Budget Office planning values for medical benefits and retirement rates. It also includes a shift of \$1.6 million, \$0.8 million from general revenues, from grants to salaries and benefits in the Temporary Assistance to Needy Families program, consistent with historical spending to correct an error in the Department's request and Governor's recommendation that resulted in this not being included in the enacted budget. The request includes the enacted level of 379.5 full-time equivalent positions.

*The Governor recommends \$3.1 million less than requested including \$2.0 million less from general revenues, primarily to reflect the updated retirement rates. He also adds 3.0 positions requested to reflect federally funded early learning center licensing specialists through the state's Race to the Top grant.*

**Salaries and Benefits – Central Management.** The Department requests \$4.4 million from all sources for salary and benefit expenditures in the central management program, including \$2.6 million from general revenues and \$1.8 million from federal funds. This is \$0.7 million more than enacted, including \$0.2 million more from general revenues and \$0.5 million more from federal funds. The request assumes Budget Office planning values for medical benefits and retirement rates. The request includes the enacted level of 38.0 full-time equivalent positions, restoring \$0.2 million of assumed turnover savings in the enacted budget. *The Governor recommends \$0.4 million less than requested primarily to reflect the updated retirement rates and other minor benefit adjustments.*

**Salaries and Benefits – Behavioral Health.** The Department requests \$2.6 million from all sources for salary and benefit expenditures in the behavioral health program, including \$2.0 million from general revenues and \$0.6 million from federal funds. This is \$0.6 million more than enacted, including \$0.6 million from general revenues and \$56,313 from federal funds. The request assumes Budget Office planning values for medical benefits and retirement rates and includes the enacted level of 17.0 full-time equivalent positions. *The Governor recommends \$0.2 million less than requested, primarily to reflect the updated retirement rates.*

#### **Other Operating**

**Accreditation.** The Department requests the enacted level \$0.4 million from general revenues for the process of achieving accreditation from the Council on Accreditation. Legislation was passed by the 2011 Assembly to require the Department to submit an accreditation plan to the Governor, the Speaker of the House of Representatives, the President of the Senate, the Chairperson of the House Committee on Health, Education, and Welfare, the chairperson of the Senate Committee on Health and Human Services, the chairpersons of the House and Senate Finance Committees, and the chairpersons of the House and Senate Judiciary Committees no later than July 1, 2012. The Budget Office's current services adjustment and the request eliminate this funding. *The Governor recommends funding as requested.*

**Information Technology Costs.** The Department requests \$0.4 million more than enacted including \$0.1 million from general revenues and \$0.3 million from federal funds for contracted information technology services in order to update Medicaid and Title IV-E claiming programs associated with the System of Care. The majority of funding for these upgrades is through Title IV-E. *The Governor recommends \$64,837 less than requested to reflect historical expenditures for information technology and equipment maintenance at the training school.*

**Social Worker Training.** The Department requests \$0.7 million from all sources, including \$0.1 million from general revenues and \$0.6 million from federal funds for the Rhode Island Child Welfare Institute and the University of Rhode Island to provide training to department staff that work with Title IV-E eligible children and the majority of funding is through Title IV-E. This was not funded in FY 2011. *The Governor recommends funding as requested.*

**Indirect Cost Recovery.** The enacted budget assumes savings of \$301,122 from general revenues from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continues to assume the savings but has not yet applied for the rate.

The Department's request eliminates the restricted receipts and adds \$204,094 in federal funds in an attempt to show the actual expenditures from its federal grants. This is an incorrect adjustment as is the reduction in general revenues also included in the request. It appears that the Department did not adjust another state account to offset what appears to be a savings essentially lowering the Department's overall deficit in the request by \$0.3 million. The Budget Office indicates that the Governor's recommendation would correct it. *The Governor recommends \$0.1 million which is \$0.2 million less than requested; this does not correct the Department's error.*

**All Other Operating.** The Department requests \$9.2 million from all sources, including \$6.3 million from general revenues and \$2.9 million from federal funds for operating expenses not previously noted. This is \$0.3 million less than enacted including \$0.1 million less from general revenues and \$0.2 million less from federal funds. These expenses include security, telecommunications, legal, and clerical services, as well as various other operating expenses. *The Governor recommends \$1.1 million more than requested, primarily to show non-general revenue sources available from the retirement savings for these programs.*

**Capital.** The Department requests \$1.8 million from Rhode Island Capital Plan funds for a number of projects including building repair at the Rhode Island Training School and upgrades to group home sprinkler systems. This is \$1.0 million less than enacted. Additional information is included in the Capital Budget Section of this analysis. *The Governor recommends \$1.2 million more than the Department's request. He shifts several projects, including generators for the training school and a new maintenance building, from FY 2012 to the FY 2013 through FY 2017 period.*



## Department of Health

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 15,056,685	\$ 14,402,283	\$ 13,096,930	\$ 13,094,512
Comm. & Family Health & Equity	58,188,401	73,788,809	69,312,246	68,955,291
Environmental & Health Service Reg.	18,265,695	18,666,416	20,268,119	19,673,525
Health Laboratories	7,800,817	8,315,457	8,166,084	7,177,557
Infectious Disease and Epidemiology	5,120,369	5,148,751	5,320,272	5,179,453
Public Health Information	3,511,731	3,049,256	3,016,838	2,898,757
State Medical Examiner	2,250,120	2,592,640	2,747,816	2,620,708
<b>Total</b>	<b>\$ 110,193,818</b>	<b>\$ 125,963,612</b>	<b>\$ 121,928,305</b>	<b>\$ 119,599,803</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 41,200,567	\$ 44,195,215	\$ 49,162,514	\$ 45,568,762
Contracted Services	14,083,594	15,691,009	11,942,104	11,582,611
<b>Subtotal</b>	<b>\$ 55,284,161</b>	<b>\$ 59,886,224</b>	<b>\$ 61,104,618</b>	<b>\$ 57,151,373</b>
Other State Operations	38,091,531	45,104,752	43,930,675	46,022,949
Aid to Local Units of Government	-	-	10,000	-
Assistance, Grants, and Benefits	15,638,002	19,534,951	15,705,002	15,247,471
Capital	1,180,124	1,437,685	1,178,010	1,178,010
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 110,193,818</b>	<b>\$ 125,963,612</b>	<b>\$ 121,928,305</b>	<b>\$ 119,599,803</b>
<b>Sources of Funds</b>				
General Revenue	\$ 24,248,025	\$ 24,622,525	\$ 26,530,850	\$ 24,503,840
Federal Aid	59,124,539	73,580,049	66,238,970	65,697,186
Restricted Receipts	26,757,854	27,589,038	28,986,485	29,226,777
Other	63,400	172,000	172,000	172,000
<b>Total</b>	<b>\$ 110,193,818</b>	<b>\$ 125,963,612</b>	<b>\$ 121,928,305</b>	<b>\$ 119,599,803</b>
<b>FTE Authorization</b>	<b>426.3</b>	<b>422.3</b>	<b>426.3</b>	<b>423.3</b>

**Summary.** The Department of Health requests \$121.9 million from all sources, including \$66.2 million from federal funds, \$26.5 million from general revenues, \$29.0 million from restricted receipts and \$0.2 million from other funds. The request is \$11.7 million more than enacted, and includes the enacted level of 426.3 positions. *The Governor recommends \$119.6 million, including \$65.6 million from federal funds, \$24.5 million from general revenues, \$29.2 million from restricted receipts and \$0.2 million from other sources. The recommendation includes 423.3 positions, 3.0 positions fewer than enacted and requested.*

*The Governor includes Article 9 of 2012-H 7323, which includes numerous changes to professional license and renewal fees set in statute, which is projected to contribute an additional \$0.3 million to general revenues. The Governor's budget also includes an additional \$1.2 million to be generated by fee changes through the Department's administrative rules proceedings process.*

**Staffing.** The Department requests the enacted amount of 426.3 full-time equivalent positions. The following table shows the progression of full-time equivalent position totals by program from the enacted budget to the request. A more detailed analysis of Department staffing costs and changes is included in the individual program sections that follow. It is important to note that the table reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department's practice of frequently shifting staff depending on the needs of the individual programs.

Programs	FY 2012 Enacted	FY 2013 Request	FY 2013 Recommended	Change to Enacted
Central Management	51.8	57.0	58.0	6.2
Community Family Health & Equity	117.0	127.8	127.9	10.9
Environmental & Health Service Reg.	132.9	121.5	125.4	(7.5)
Health Laboratories	61.5	56.4	48.4	(13.1)
Infectious Disease and Epidemiology	24.1	27.3	27.3	3.2
Public Health Information	22.6	20.9	20.9	(1.7)
State Medical Examiner	16.4	15.4	15.4	(1.0)
<b>Changes to Enacted</b>	<b>426.3</b>	<b>426.3</b>	<b>423.3</b>	<b>(3.0)</b>

It should be noted that as of the first pay period in January, the Department had 398.6 filled positions or 27.7 less than enacted. Assuming an average cost per position of \$94,834, this amounts to \$2.6 million of salary and benefit turnover savings, primarily from federal funds.

*The Governor recommends 423.3 positions, 3.0 less than enacted and requested to reflect the transfer of 3.0 positions to the Executive Office of Health and Human Services and 1.0 position to the Department of Human Services, as well as the elimination of 8.0 positions in the Health laboratories Program. The recommendation adds 3.0 positions for the Race to the Top Early Learning Challenge Grant and 6.0 new food inspector positions. These changes are discussed in greater detail below.*

### Central Management

**Salaries and Benefits.** The Department requests \$7.0 million from all sources for salaries and benefits for 57.0 full-time equivalent positions in Central Management. The request is \$1.4 million more than enacted, including \$1.2 million more from federal funds and \$0.1 million more from restricted receipts. Of this amount, \$0.5 million is associated with the Budget Office planning value for the employer share of retirement costs. The request also includes \$0.5 million to reflect the restoration of turnover savings included in the enacted budget, as well as the transfer of 5.2 positions to Central Management from other programs within the Department.

*The Governor recommends \$1.0 million more than enacted, \$0.4 million less than requested to reflect the restoration of \$0.2 million of turnover savings as well as revisions to the retirement rate based on enacted pension changes. The recommendation also reflects the transfer of 1.0 chief program evaluator to the Department of Human Services, and the following positions to the Executive Office of Health and Human Services: executive/associate director, chief of strategic planning and interdepartmental project manager.*

**Bioterrorism.** The Department requests FY 2013 expenditures of \$4.6 million from federal funds for bioterrorism preparedness. This is \$0.8 million less than enacted to reflect new and adjusted grant awards used to augment hospitals and healthcare entities to plan for, respond to, and recover from mass casualty events. It also provides for grants to cities and towns for enhanced emergency response

preparedness. *The Governor recommends funding as requested, but shifts \$0.3 million from federal funds available from retirement savings to unidentified operating costs.*

**Pandemic Flu.** The Department requests \$0.3 million, \$2.1 million less than enacted from federal funds for pandemic flu responses, including H1N1 activities. The request reflects anticipated awards and expenditures for these purposes in FY 2013. Funding is used to strengthen the ability of the Rhode Island Department of Health and partner organizations to detect, contain and manage public health threats and emergencies. *The Governor recommends funding as requested.*

**Indirect Cost Recovery.** The Department's request reduces expenditures from restricted receipts by \$0.5 million to reflect a reduction in the indirect costs recovered from federal grants. Excluding salaries and benefits, the enacted budget includes \$1.0 million from these funds directly budgeted in Central Management; however, other resources fund the Department of Health's share of centralized functions in the Department of Administration. *The Governor recommends funding as requested, but shifts \$0.2 million from restricted receipts available from retirement savings to unidentified operating costs.*

**Community Service Grants.** The Department requests the enacted level of \$0.5 million from general revenues for the Department's 11 community service grants. *The Governor includes savings of \$0.1 million from a 25 percent reduction to community service grants.*

**All Other Operations.** The Department requests \$0.6 million, \$32,337 less than enacted for all other operations in Central Management. This includes reductions of \$8,038 from federal funds and \$24,299 from general revenues. The request primarily reflects utility savings, as well as reductions to general office supplies. *The Governor recommends funding as requested, but shifts \$12,806 from federal funds available from retirement savings to unidentified operating costs.*

### **Community, Family Health, and Equity**

**Salaries and Benefits.** The Department requests \$13.2 million from all sources for salaries and benefits for 127.8 full-time equivalent positions in the Community, Family Health and Equity program. The request is \$3.6 million more than enacted from all sources including increases of \$137,588 from general revenues and \$3.6 million from federal funds, offset by a decrease of \$0.2 million from restricted receipts. The restricted receipts are derived from fees for records, and the request reflects a revised estimate for the collection of these fees. The request includes an additional \$1.2 million associated with the Budget Office planning value for the employer share of retirement costs, and \$1.8 million to reflect the restoration of turnover savings included in the enacted budget as well as the transfer of 10.8 positions to this program from other programs within the Department. *The Governor recommends \$1.2 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Infant and Early Childhood Home Visiting.** The Department requests \$5.3 million, \$4.9 million more than enacted from federal funds for a new initiative that focuses on promoting good health habits primarily for low income pregnant women, mothers, infants, and children, children with special health care needs and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. The increase primarily reflects an award for home visiting which the Department was unable to include in the enacted budget due to the timing of the award. *The Governor recommends \$122,980 less than requested to reflect a revision to the home visiting federal award, and adds \$37,049 available from retirement savings to unidentified operating costs.*

**HIV Prevention.** The Department requests \$1.5 million from federal funds to continue and strengthen effective human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) surveillance programs to effect, maintain, measure and evaluate the extent of HIV/AIDS incidence and prevalence throughout the United States. Funds are used to provide information for targeting and implementing prevention activities. *The Governor recommends \$1.1 million less than requested to reflect revised awards based on updated information.*

**Immunizations.** The Department requests \$33.3 million from all sources for immunization expenses, which is \$6.3 million more than enacted. The Department of Health is the purchasing entity; however, serum stock is then dispersed to community health providers to provide vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. The Department notes the increase reflects the actual receipt of restricted receipt funding, which is derived from insurance company payments and donated to the Department for the purchase and distribution of vaccines as noted above. *The Governor recommends funding as requested, but shifts \$0.2 million from federal funds available from retirement savings to unidentified operating costs.*

**Obesity Prevention.** The Department's request removes expenditures of \$0.8 million from federal funds for obesity and nutrition related activities to reflect the end of federal funding that was received through the American Recovery and Reinvestment Act. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating habits to prevent obesity. These funds will not be available in FY 2013; however, the ongoing program is funded with \$0.4 million for FY 2013. *The Governor recommends funding as requested, but shifts \$0.1 million from federal funds available from retirement savings to unidentified operating costs.*

**Race to the Top.** In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. The Department's request did not include this grant. *The Governor recommends expenditures of \$0.3 million, which reflects the addition of 2.0 senior human service specialists and 1.0 senior health promotion specialist to work on this grant.*

**All Other Operations.** The Department requests \$13.6 million, \$3.4 million less from all sources for all other Community, Family Health and Equity program operations. The request includes increases of \$0.8 million from federal funds and \$0.1 million from other funds offset by reductions of \$0.2 million from general revenues and \$0.1 million from restricted receipts. The change reflects general revenue savings for staff training and administrative costs, with the other increases primarily for research contracts with the University of Rhode Island and revised awards for operating expenditures. *The Governor recommends funding essentially as requested, but adds \$0.7 million to reflect adjustments to awards and expenditures for community health grants.*

### **Environmental and Health Services Regulation**

**Salaries and Benefits.** The Department requests expenditures of \$14.2 million from all sources for salaries and benefits for the 121.5 full-time equivalent positions in the Environmental and Health Service Regulations program. The request is \$0.9 million more than enacted, including \$1.4 million more from general revenues offset by \$0.5 million less from federal funds. The 2011 Assembly included \$0.3 million from general revenues for 3.0 additional food inspector positions. The new positions are filled and the request includes funding for these positions. The request includes funding for retirement rate adjustments consistent with Budget Office planning values, and reflects the restoration of a majority of turnover savings included in the enacted budget.

*The Governor recommends \$0.5 million from general revenues for 6.0 new food inspector positions and funds 3.0 as of October 1, 2012, with the remaining 3.0 funded as of April 1, 2013. The recommendation also includes the restoration of \$0.3 million of turnover savings and an adjustment to the retirement rate based on enacted pension changes.*

**Nursing Homes.** The Department requests \$0.7 million from federal funds, \$0.2 million more than enacted to support nursing home operations throughout the state. Funding is used for equipment purchases and medical supplies. The increase reflects actual awards and expenditures for these purposes in FY 2013. *The Governor recommends funding as requested, but shifts \$0.1 million from federal funds available from retirement savings to unidentified operating costs.*

**All Other Operations.** Excluding all other changes, the Department requests \$0.9 million more than enacted for all other operations in the Environmental and Health Regulation Services program. This includes \$88,929 more from general revenues and an increase of \$0.8 million more from federal sources. Additional federal funds are included to reflect revised awards and expenditures for coastal water and prescription drug monitoring federal grants. *The Governor recommends funding as requested, but shifts \$0.3 million from federal funds available from retirement savings to unidentified operating costs.*

### **Health Laboratory**

**Salaries and Benefits.** The Department's revised request totals \$5.8 million from all sources for salaries and benefits for 56.4 full-time equivalent positions for the Health Laboratory. This is \$0.6 million more than enacted and includes \$0.1 million more to reflect Budget Office planning values and funding to restore turnover savings included in the enacted budget.

*The Governor recommends \$0.7 million less than requested. Of this amount, \$0.1 million reflects the adjustment to the retirement rate based on enacted pension changes, and \$0.6 million reflects the elimination of 8.0 positions, including 3.0 forensic scientists, 1.0 supervisor of forensic science, 1.0 principal clinical lab scientist, 1.0 forensic scientist associate, 1.0 supervisor of breath analysis and 1.0 inspector of breath analysis.*

*The Governor's recommendation assumes several cost cutting measures in the Health Laboratories program as part of an on-going assessment of laboratory functions. As part of the recommendation, the duties performed by the positions being recommended for elimination can be absorbed by remaining staff, reduced or eliminated. The budget does not specify which procedures and regulations would be affected by this reduction.*

**Food Emergency Response.** The Department requests \$0.2 million, \$0.1 million more than enacted from federal funds for equipment, supplies, personnel, training and facility upgrades to Food Emergency Response Laboratory Network (FERN) microbiological laboratories in Rhode Island. The increase reflects actual awards and expenditures for these purposes in FY 2013. *The Governor recommends funding as requested, but shifts \$23,686 million from federal funds available from retirement savings to unidentified operating costs.*

**All Other Operations.** The Department requests \$1.8 million, \$0.3 million less for all other operations in the Health Laboratory program, including \$68,917 less from general revenues. General revenue increases were due to administrative costs offset by savings for capital equipment purchases related to DNA identification. *The Governor recommends funding as requested, but shifts \$0.3 million from federal funds available from retirement savings to unidentified operating costs.*

## **Infectious Disease and Epidemiology**

**Salaries and Benefits.** The Department requests revised expenditures of \$3.0 million from all sources for salaries and benefits expenses for 27.3 full-time equivalent positions for the Infectious Disease and Epidemiology program. This is \$0.6 million more than enacted, and includes funding for benefit rate adjustments, consistent with Budget Office planning values. The request also restores turnover savings included in the enacted budget and reflects the addition of 3.2 positions from other program areas into the Infectious Disease and Epidemiology program. *The Governor recommends \$0.3 million more than enacted to reflect the restoration of turnover savings.*

**Communicable Diseases.** The Department requests FY 2013 expenditures of \$0.7 million for communicable disease treatment and prevention, which is \$0.5 million less than enacted from general revenues. The request reflects savings derived from the closing of the Whitmarsh sexually transmitted disease clinic in Providence. The enacted budget includes \$242,042 of general revenues for operations of the clinic. The request reflects \$232,042 of savings derived from the closing of the clinic, with \$10,000 programmed to purchase additional medical supplies for the Providence Community Health Center. The remaining reduction was derived by shifting \$0.3 million of funds for the Department's membership in a national sexually transmitted disease tracking program from general revenues to federal funds. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests revised expenditures of \$1.4 million from all sources, \$0.1 million more than enacted for all other Infectious Disease and Epidemiology operations. This includes revisions to disease prevention grants to reflect actual awards and expenditures for FY 2013, as well as \$0.1 million more from general revenues for influenza prevention. *The Governor recommends funding as requested, but shifts \$0.2 million from federal funds available from retirement savings to unidentified operating costs.*

## **Public Health Information**

**Salaries and Benefits.** The Department's revised request totals \$2.3 million from all sources for salary and benefit expenses for 20.9 full-time equivalent positions for the Public Health Information program. This is \$0.4 million more than enacted and includes funding for retirement rate adjustments, consistent with Budget Office planning values. The request also restores turnover savings included in the enacted budget, and reflects the transfer of 1.7 positions from this program area to other program areas in the Department. *The Governor recommends \$0.2 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Electronic Health Records.** The Department requests \$0.3 million for electronic health record tracking. This is \$0.1 million more than enacted from federal funds. Funding is used to update birth and death data, as well as to enhance the interoperability of records among municipal, state and federal agencies. *The Governor recommends funding as requested, but shifts \$8,653 from federal funds available from retirement savings to unidentified operating costs.*

**Health Information Technology.** The Department's request removes \$0.9 million from federal funds for the health information technology project, which provides for the development of an infrastructure for Rhode Islanders to have critical health information accessible when and where it is needed, to improve the quality, safety and value of health care provided. Funding will not be available in FY 2013. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests revised expenditures of \$0.5 million from all sources for all other Public Health Information operations. This is \$0.2 million less than enacted and includes \$0.2 million less from general revenues offset by \$44,501 more from federal funds. General revenue savings reflect reductions for staff training and general office supplies, and federal fund increases reflect increased expenditures for software maintenance contract expenses. *The Governor recommends funding as requested, but shifts \$39,659 from federal funds available from retirement savings to unidentified operating costs.*

### **Medical Examiner's Office**

**Salaries and Benefits.** The Department's revised request totals \$2.1 million from all sources for salary and benefit expenses for 15.4 full-time equivalent positions in the Medical Examiner's Office. This is \$0.5 million more than enacted from general revenues, and reflects the filling of the Chief Medical Examiner and Assistant Medical Examiner positions, and includes funding for retirement rate adjustments, consistent with Budget Office planning values. *The Governor recommends \$29,653 less than requested to reflect revised personnel expenditures based on filled positions.*

**Contract Medical Examiners.** The Department requests FY 2013 expenditures of \$0.5 million from all sources for contract medical examiner expenses. This includes \$34,960 more than enacted from general revenues. The Department was able to fill two vacant positions; chief medical examiner and assistant medical examiner at the beginning of FY 2012. Subsequent to filling the vacant positions, another assistant medical examiner position became vacant resulting in the need for additional funding for contract medical examiners. *The Governor recommends \$97,450 less than requested to reflect historical spending patterns and availability of current staffing for examinations.*

**All Other Operations.** The Department requests revised expenditures of \$0.1 million from all sources or \$22,194 less than enacted from all funds for all other Medical Examiner Office operations. The request reflects reductions for electricity, office equipment and other general operating expenses. *The Governor recommends funding as requested, but shifts \$5,894 from federal funds available from retirement savings to unidentified operating costs.*



## Department of Human Services

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 11,547,906	\$ 11,503,966	\$ 11,846,282	\$ 11,056,978
Child Support Enforcement	8,355,622	8,228,175	9,209,232	8,531,055
Individual and Family Support	127,885,859	128,096,078	130,909,233	151,488,135
Veterans' Affairs	28,216,627	30,043,996	32,180,897	28,665,373
Health Care Quality, Financing and Purchasing	59,373,254	80,721,646	70,930,269	17,838,116
Medical Benefits	1,662,194,277	1,641,112,103	1,721,464,358	-
Supplemental Security Income	18,000,600	18,777,600	18,000,600	18,622,000
Family Independence Program	86,140,550	87,894,897	84,988,778	90,209,050
State Funded Programs	301,710,437	301,746,022	301,710,437	301,746,022
Elderly Affairs	27,826,593	29,719,055	29,528,093	28,941,992
<b>Total</b>	<b>\$2,331,251,725</b>	<b>\$2,337,843,538</b>	<b>\$2,410,768,179</b>	<b>\$ 657,098,721</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 86,210,973	\$ 84,238,707	\$ 94,404,996	\$ 87,440,478
Contracted Services	52,194,114	54,558,907	60,765,974	15,961,502
<b>Subtotal</b>	<b>\$ 138,405,087</b>	<b>\$ 138,797,614</b>	<b>\$ 155,170,970</b>	<b>\$ 103,401,980</b>
Other State Operations	21,742,409	23,863,009	23,874,304	24,950,727
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,162,421,043	2,164,136,534	2,222,498,757	521,124,672
Capital	2,856,170	4,647,460	2,797,132	1,372,421
Capital Debt Service	-	-	-	-
Operating Transfers	5,827,016	6,398,921	6,427,016	6,248,921
<b>Total</b>	<b>\$2,331,251,725</b>	<b>\$2,337,843,538</b>	<b>\$2,410,768,179</b>	<b>\$ 657,098,721</b>
<b>Sources of Funds</b>				
General Revenue	\$ 893,131,302	\$ 892,604,690	\$ 945,433,466	\$ 99,781,727
Federal Aid	1,419,613,547	1,423,745,953	1,446,806,773	550,578,610
Restricted Receipts	14,089,597	17,103,711	14,110,661	2,349,200
Other	4,417,279	4,389,184	4,417,279	4,389,184
<b>Total</b>	<b>\$2,331,251,725</b>	<b>\$2,337,843,538</b>	<b>\$2,410,768,179</b>	<b>\$ 657,098,721</b>
<b>FTE Authorization</b>	<b>984.2</b>	<b>949.2</b>	<b>935.2</b>	<b>947.7</b>

**Summary.** The Department of Human Services requests \$2,410.8 million or \$79.5 million more than enacted, including \$52.3 million more from general revenues, \$27.2 million more from federal funds, \$21,064 more from restricted receipts and the enacted level from other funds. The Department also requests 935.2 full-time-equivalent positions, 49.0 fewer than enacted. The request is \$5.0 million more than the Budget Office's general revenue current services target of \$940.4 million.

The Governor recommends \$657.1 million from all sources, including \$99.8 million from general revenues. This is \$1,753.7 million less than requested, including \$845.7 million less from general revenues, primarily from the transfer of the Medical Assistance program to the Executive Office of Health and Human Services, including the benefits program and the remainder of the administrative functions. He also transfers staffing and expenditures for the weatherization and low income home energy assistance programs from the Office of Energy Resources within the Department of Administration, consistent with current law. He recommends 947.7 full-time equivalent positions, 12.5 more than requested.

**Staffing.** The Department requests 935.2 full-time equivalent positions in FY 2013, which is 49.0 fewer than enacted. Consistent with the revised request, this includes the transfer of the 1.0 position the Assembly provided for implementing stricter transportation standards to the Office of Health and Human Services and the elimination of 26.0 of the 35.0 new positions at the Veterans Home, reclassifying them as seasonal positions. The FY 2013 request also includes the elimination of 22.0 supplemental nutrition assistance program positions that had only been funded through September 30, 2011.

The Governor includes 947.7 positions, 12.5 more than requested. He concurs with the requested changes and transfers 9.0 positions from the Department of Administration for the weatherization and low income home energy assistance programs and 1.0 position from the Department of Health for the HIV/AIDS program. He also adds 2.5 new positions for the Race to the Top program.

**Medicaid Expenses - State/National Comparison.** The following compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (the state's Rite Care population) is lower than the national average while enrollment of parents is slightly higher. The percent of total spending for this population is lower than the national average, but higher when comparing cost per enrollee. The Medicaid expenses for these populations are in the Department of Human Services' budget.

For disabled individuals, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the Office of Health and Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of Children, Youth and Families.

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment, but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Office of Health and Human Services and Department of Human Services' Division of Elderly Affairs.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Population										
Children	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$2,435	\$2,848
Adults	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Blind/Disabled	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Aged	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Total	48.1	180,317	100%	100%	\$294,400	\$1,684.3	100%	100%	\$6,120	\$9,341
<i>*in millions</i>										

**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 2012 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	150%	175%	180%	185%	200%	225%	250%
1	\$ 11,170	\$13,963	\$16,755	\$19,548	\$20,106	\$20,665	\$22,340	\$ 25,133	\$27,925
2	15,130	18,913	22,695	26,478	27,234	27,991	30,260	34,043	37,825
3	19,090	23,863	28,635	33,408	34,362	35,317	38,180	42,953	47,725
4	23,050	28,813	34,575	40,338	41,490	42,643	46,100	51,863	57,625
5	27,010	33,763	40,515	47,268	48,618	49,969	54,020	60,773	67,525
6	30,970	38,713	46,455	54,198	55,746	57,295	61,940	69,683	77,425
7	34,930	43,663	52,395	61,128	62,874	64,621	69,860	78,593	87,325
8	38,890	48,613	58,335	68,058	70,002	71,947	77,780	87,503	97,225

*For families with more than 8 members, add \$3,960 for each additional member for the 100 percent calculation.*

### Medical Assistance

The Caseload Estimating Conference met on November 4, 2011 and based on current law, set the FY 2013 medical assistance expenditures at \$1,693.0 million including \$827.5 million from general revenues, which is \$51.6 million more than enacted from all funds and \$41.5 million more from general revenues. The Department's request is consistent with the Budget Office's estimated current services target of \$1,721.5 million from all funds including \$828.1 million from general revenues. The following table itemizes medical assistance expenditures in FY 2010 and FY 2011, as enacted by the 2011 Assembly, adopted by the caseload estimators and recommended by the Governor.

Medical Assistance	FY 2010 Spent	FY 2011 Reported	FY 2012 Enacted	FY 2012 Gov. Rec.	FY 2013 Nov. CEC	FY 2013 Gov. Rec.**
<b>Hospitals</b>						
Regular Payments	\$ 120.9	\$ 125.2	\$ 113.5	\$ 112.2	\$ 105.0	\$ 101.0
DSH Payments	121.7	122.2	126.9	126.9	127.7	127.7
Total	\$ 242.6	\$ 247.4	\$ 240.4	\$ 239.1	\$ 232.7	\$ 228.7
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 334.7	\$ 334.9	\$ 341.2	\$ 342.5	\$ 345.5	\$ 345.5
Home and Community Care	60.3	68.6	74.1	76.4	84.0	77.7
Total	\$ 395.0	\$ 403.4	\$ 415.3	\$ 418.9	\$ 429.5	\$ 423.2
<b>Managed Care</b>						
RIte Care	\$ 443.9	\$ 504.3	\$ 538.0	\$ 511.8	\$ 541.2	\$ 515.3
RIte Share	17.3	10.0	14.0	14.7	15.5	15.5
Fee For Service	85.4	73.5	68.3	75.5	81.3	81.3
Total	\$ 546.5	\$ 587.8	\$ 620.3	\$ 602.0	\$ 638.0	\$ 612.1
<b>Rhody Health</b>	\$ 155.6	\$ 176.9	\$ 191.2	\$ 193.0	\$ 215.0	\$ 204.8
<b>Pharmacy</b>	\$ 12.9	\$ 1.3	\$ 9.7	\$ 5.6	\$ 5.8	\$ 5.8
<b>Pharmacy Part D Clawback</b>	\$ 26.4	\$ 36.4	\$ 46.4	\$ 47.7	\$ 51.0	\$ 51.0
<b>Other Medical Services</b>	\$ 108.8	\$ 123.5	\$ 118.0	\$ 116.5	\$ 121.0	\$ 114.0
Federal Funds	\$ 922.7	\$ 937.6	\$ 844.3	\$ 827.6	\$ 854.4	\$ 827.2
General Revenues	558.7	630.5	786.0	784.0	827.5	801.3
Restricted Receipts	6.3	8.7	11.1	11.1	11.1	11.1
<b>Total*</b>	\$ 1,487.7	\$ 1,576.9	\$ 1,641.4	\$ 1,622.8	\$ 1,693.0	\$ 1,639.6

\* Expenditures in millions.

\*\* Now shown in the Executive Office of Health and Human Services' budget.

*The Governor transfers the Medical Assistance program from the Department of Human Services to the Executive Office of Health and Human Services, including the benefits program and the remainder of the administrative functions. He also includes Article 18 to ensure that the Rhode Island General Laws reflect the Executive Office of Health and Human Services as the state's designated Medicaid agency.*

### **Medical Assistance Administration**

**RIte Care Administration.** The Department requests \$4.5 million from all sources for RIte Care administration expenditures, which is \$0.4 million less than enacted. The Department assigns both full-time equivalent positions and administrative consultants to the RIte Care program, specifically through Allied Computer Services, who perform such functions as research, negotiations for existing contracts, data processing and program implementation. The request includes \$4.5 million for these consultants for RIte Care, which is \$0.4 million less than enacted, resulting from shifting a portion of the contract to be accounted for separately in the other medical services administration section. The request includes \$29,958 for all other operating costs, which include lease costs, various maintenance and repair expenses, printing, postage and general office supplies. *The Governor recommends \$4.5 million, including \$2.2 million from general revenues and transfers these expenditures to the Executive Office of Health and Human Services.*

**RIte Share Administration.** The Department requests \$1.7 million, which is \$3,774 less than enacted from all sources for RIte Share administration expenditures. The request includes \$1.6 million, which is a three percent increase for contracted RIte Share administrative costs, specifically with Allied Computer Services. The request includes \$25,020 for all other operating expenses which include lease costs, various maintenance and repair expenses, printing, postage and general office supplies. *The Governor recommends \$1.7 million, including \$0.8 million from general revenues and transfers these expenditures to the Executive Office of Health and Human Services.*

**Early Intervention Administrative Operations.** The Department requests \$3.0 million from all funds, including \$0.5 million from general revenues for operating expenses for the Early Intervention program, excluding salaries and benefits. The request is \$56,870 more than enacted from all sources, including \$18,065 more from general revenues. The request includes \$2.2 million from the federal grant the state receives annually for children who are not Medicaid eligible and \$0.6 million for administrative costs for Medicaid eligible children. The state maintains a contract with 13 providers for the delivery of early intervention services. The request also includes \$99,712 for new computers, equipment and desks, \$60,093 for office and program supplies, \$30,538 for printing and \$9,905 for all other operating expenses. *The Governor recommends \$3.0 million, including \$0.5 million from general revenues and transfers these expenditures to the Executive Office of Health and Human Services.*

**Disability Determination Unit Positions.** The Department's request includes \$0.5 million less from federal funds for disability determination unit positions. The enacted budget provides \$1.0 million from federal funds and authorization for 10.0 new full-time equivalent positions for the disability determination unit, including 9.0 rehabilitation counselors and 1.0 administrator. The federal Social Security Administration requested that the state hire additional staff to address the backlog of claims resulting from increasing numbers of applications for supplemental security income and social security disability insurance benefits. However, the Administration then restricted the hiring and the funding.

The Department was able to fill 4.0 of the 10.0 positions and shift the funding expenses to other federal disability determination grants once the Social Security Administration funding was restricted, essentially filling 4.0 regular vacant positions within the unit. However, the request does not eliminate the original 4.0 filled positions or the remaining 6.0 positions that were not filled, but instead shifts the

6.0 positions for use elsewhere in the Department, though the location has not specifically been determined. The request includes the federal fund reduction from these 6.0 positions. *The Governor recommends funding as requested.*

**Office of Rehabilitative Services – Other Staffing.** The Department requests \$1.6 million more for staffing costs, including \$0.3 million more from general revenues and \$1.3 million more from federal funds. The general revenue increase includes partial restoration of the across the board reductions and cost shifting from federal funds, due to increased vacancies of federally funded positions that currently exist. It also includes benefit rates consistent with FY 2013 planning values, includes maintaining about 3.5 additional vacant positions in FY 2013 and \$300,000 for overtime expenditures, \$150,000 more than enacted, from staffing shortages.

The revised request assumes filling some of the approximately 18 vacant positions that currently exist with full federal funding or 80 percent federal funding, but the revised request appears to include more funding than will likely be spent. The FY 2013 request appears to reverse the filling of several of these positions, or anticipates continued high attrition, or both. The Office reports it has lost almost 13 percent of its staff over the past five quarters. *The Governor recommends \$1.1 million less than requested, including \$0.2 million from general revenues primarily to reflect the updated retirement rate change based on the adopted pension reform.*

**Office of Rehabilitative Services - Operations.** The Department requests \$16.5 million from all sources to support operations in the Office of Rehabilitative Services, including \$2.3 million from general revenues and \$14.2 million from federal funds. This is \$2.6 million less than enacted, including \$0.3 million less from general revenues and \$2.3 million less from federal funds. The federal fund reduction is because of increased efficiency in service delivery while still providing the requested services and shifting some funding toward staffing expenses.

The request includes \$6.4 million for rehabilitation services, \$2.4 million for medical services and supplies for individuals applying for disability, and \$0.8 million for education and training programs. It also includes \$2.4 million for contracted temporary clerical services to assist with processing applications because of recent staffing reductions, \$1.1 million for lease costs for the offices located at 20 Fountain Street in Providence, and \$0.8 million for home modification, personal care services and social services for the blind. The request contains \$2.6 million for all other operating expenditures, including interpreters and translators in addition to travel expenses related to the transport of clients.

*The Governor recommends \$38,448 less than requested from federal funds to reflect actual grant awards and available funding and shifts expenditures of \$7,067 from federal funds to general revenues to correct the Medicaid match rate.*

**Medical Services Operations – Staffing.** The Department requests \$14.6 million from all sources for salaries and benefits for medical services operations. This includes \$7.3 million from both general revenues and federal funds and is \$1.2 million more than enacted for 150.3 full-time equivalent positions. Consistent with the revised request, the Department requests the transfer of the 1.0 position and \$50,000 from all sources that the Assembly provided for implementing stricter transportation standards to the Office of Health and Human Services. It also includes \$0.4 million less from turnover savings, assuming an average of 5.6 vacant positions and includes \$1.0 million for overtime expenditures, \$310,500 more than enacted because of increased demand for services and reduced staffing levels. It carries forward the restoration of some of the statewide general revenue reductions included in the enacted budget and utilizes benefit rates consistent with FY 2013 planning values. *The*

*Governor recommends \$1.1 million less than requested, including \$0.5 million from general revenues to reflect updated retirement rates.*

**Data Warehouse and Information Technology Upgrades.** The Department requests \$15.5 million from all sources, including \$1.7 million from general revenues and \$13.8 million from federal funds for several projects, including the data warehouse and various technology upgrades for Medicaid administrative operations in FY 2013. This is \$9.6 million more than enacted, including \$0.6 million more from general revenues.

The enacted budget includes \$5.9 million, including \$1.1 million from general revenues and \$4.7 million from federal funds for these projects, but delays in procuring contracts in FY 2011 resulted in the increased revised request for FY 2012. The Department anticipates all contracts will be in full effect for all of FY 2013. The request includes \$9.0 million for Medicaid reform resulting from the Healthcare Reform Act, \$0.9 million for maintenance of the data warehouse, \$5.0 million enhancements to the MMIS system, \$0.5 million for the electronic health record incentive planning and \$0.1 million for the required audit for the disproportionate share payment to hospitals. *The Governor recommends shifting these expenditures to the Executive Office of Health and Human Services and shifts \$15.5 million, including \$1.7 million from general revenues.*

**Medical Services Operations – Other Operations.** The Department requests \$27.1 million from all sources, or \$1.0 million more than enacted for expenditures related to the operations of the medical benefits program. This includes \$8.1 million from general revenues, or \$0.9 million more than enacted and \$19.0 million from federal funds, \$0.2 million more than enacted and \$60,000 from restricted receipts, consistent with the enacted budget. The request includes \$17.6 million for administrative services provided by HP Enterprise to maintain and operate the state's Medicaid billing system, referred to as MMIS, and to pay Medicaid claims; the state pays \$0.27 per claim. It also includes \$3.6 million for the utilization review and Medicaid reform projects and \$1.4 million for the InRhodes eligibility system contract for processing medical assistance applications.

The request includes the transfer of \$0.4 million for a portion of the Allied Computer Services contract, discussed previously, and the request inadvertently double counts \$300,000 for a new traumatic brain injury grant. It also eliminates \$597,253 from federal funds for the Real Choices System since the grant needed to be spent by September 30, 2011. It also includes the enacted level of \$50,000 from a new federal grant to work in conjunction with the Office of the Attorney General to conduct criminal background checks on health care workers from out-of-state and includes \$3.7 million for other operating expenditures, including audit fees, nursing aides training, lease and security costs, printing and postage, and interpreters and translator services.

*The Governor recommends shifting most of these expenditures to the Executive Office of Health and Human Services and transfers \$22.8 million, including \$6.6 million from general revenues. He recommends expenditures of \$4.3 million from all funds, including \$1.5 million from general revenues for the remaining eligibility application expenditures, consistent with the request for these expenses.*

### **Cash Assistance Programs**

The Caseload Estimating Conference estimate includes \$112.6 million from all sources, including \$30.6 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$5.3 million more than enacted, including \$0.6 million more from general revenues. Consistent with the revised request, the Department's request is \$1.2

million less from federal funds than the enacted level, which it indicates was an inadvertent error; the Department intended its request to be consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference. The following table itemizes cash assistance expenditures as enacted by the 2011 Assembly, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2010 and FY 2011. Each category is discussed separately.

*The Governor recommends \$112.0 million from all funds, including \$31.2 million from general revenues, which is \$0.6 million less than the caseload estimate because of his proposed child care co-share increase, discussed separately.*

<b>Cash Assistance</b>	<b>FY 2010 Spent</b>	<b>FY 2011 Spent</b>	<b>FY 2012 Enacted</b>	<b>FY 2012 Gov. Rev.</b>	<b>FY 2013 Nov. CEC</b>	<b>FY 2013 Gov. Rec.</b>
<b>Rhode Island Works</b>						
Persons	18,197	15,797	15,000	16,160	16,650	16,650
Monthly Cost per Person	\$ 184.97	\$ 187.93	\$ 189.00	\$ 192.00	\$ 194.00	\$ 194.00
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	43.8	39.0	37.2	40.8	42.5	42.5
<b>Total Costs*</b>	<b>\$ 43.8</b>	<b>\$ 39.0</b>	<b>\$ 37.2</b>	<b>\$ 40.8</b>	<b>\$ 42.5</b>	<b>\$ 42.5</b>
<b>Child Care</b>						
Subsidies	6,499	6,906	6,900	6,615	6,708	6,708
Annual Cost per Subsidy	\$ 7,120	\$ 7,064	\$ 7,090	\$ 7,115	\$ 7,200	\$ 7,200
General Revenue	\$ 7.1	\$ 9.3	\$ 9.7	\$ 9.7	\$ 9.7	\$ 9.4
Federal Funds	39.7	39.5	39.3	37.4	38.6	38.3
<b>Total Costs*</b>	<b>\$ 46.8</b>	<b>\$ 48.7</b>	<b>\$ 48.9</b>	<b>\$ 47.1</b>	<b>\$ 48.3</b>	<b>\$ 47.7</b>
<b>SSI</b>						
Persons	32,050	32,997	33,495	33,800	34,300	34,300
Monthly Cost per Person	\$ 47.37	\$ 47.41	\$ 44.60	\$ 46.00	\$ 45.00	\$ 45.00
<b>Total Costs/General Revenue*</b>	<b>\$ 22.2</b>	<b>\$ 20.9</b>	<b>\$ 18.0</b>	<b>\$ 18.8</b>	<b>\$ 18.6</b>	<b>\$ 18.6</b>
<b>SSI Transition/Bridge</b>						
Persons	538	591	606	640	640	640
Monthly Cost per Person	\$ 119.89	\$ 100.19	\$ 114.76	\$ 109.00	\$ 109.00	\$ 109.00
General Revenues	\$ 1.9	\$ 2.0	\$ 2.3	\$ 2.7	\$ 2.3	\$ 2.3
Federal Funds	0.9	1.0	0.9	0.9	0.9	0.9
<b>Total Costs*</b>	<b>\$ 2.8</b>	<b>\$ 3.0</b>	<b>\$ 3.2</b>	<b>\$ 3.6</b>	<b>\$ 3.2</b>	<b>\$ 3.2</b>
General Revenue	31.3	32.3	30.0	31.2	30.6	30.3
Federal Funds	84.3	79.4	77.4	79.1	82.0	81.7
<b>Total Cash Assistance*</b>	<b>\$ 115.6</b>	<b>\$ 111.7</b>	<b>\$ 107.3</b>	<b>\$ 110.3</b>	<b>\$ 112.6</b>	<b>\$ 112.0</b>

*\*Expenditures in millions*

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

**Rhode Island Works.** The Caseload Estimating Conference estimate includes program expenditures of \$42.5 million entirely from federal funds. The estimate increased the monthly caseload by 1,650 cases to a level of 16,650. The cost per case is also estimated to increase by \$5.00 to a \$194.00 monthly cost per person. The estimated program expenditures are \$5.3 million more than the enacted budget, including \$4.7 million from the increased caseload and cost per case, \$0.5 million more for transportation expenses along with \$48,600 for clothing and \$5,000 for supportive services. Consistent with the revised request, the Department's request is \$7,350 less from federal funds than the enacted level, which it indicates was an inadvertent error; the Department intended its request to be consistent with the enacted level for the Rhode Island Works program.

*The Governor recommends \$5.3 million more from federal funds than requested, consistent with the caseload estimate.*

**Child Care.** The Caseload Estimating Conference estimate includes caseload child care expenditures of \$48.3 million, of which \$9.7 million is from general revenues. This is \$0.6 million less federal funds than enacted, reflecting 192 fewer child care subsidies for a monthly level of 6,708 and increased the annual cost by \$110 to \$7,200 for FY 2013. The Department's request is \$1.1 million less from federal funds than the enacted level, which it indicates was an inadvertent error; the Department intended its request to be consistent with the enacted level for the child care program.

A family is eligible for child care assistance either through the family independence program (if they qualify for the program they are automatically eligible for assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty.

*The Governor recommends \$623,400 less than requested from federal funds, consistent with the caseload estimate.*

**Child Care Co-Payment Increase.** Families with income levels between 100 percent and 180 percent of federal poverty pay 2.0 percent, 5.0 percent or 8.0 percent of the family's gross countable income as a co-payment for child care services, depending on the family's income level. Rhode Island Works clients do not pay a co-share for child care services. Co-payments are based on the family's income and not on the number of children receiving child care.

*The Governor assumes savings of \$569,154 from all sources, including \$276,154 from general revenues from increasing the co-share by one percent, effective July 1, 2012. Rhode Island Works clients would continue not paying a co-share.*

**Supplemental Security Income Payments.** The Caseload Estimating Conference estimate includes FY 2013 direct supplemental security income expenditures at \$18.6 million from general revenues, or \$0.6 million more than enacted. The caseload increased by 805 persons to a monthly level of 34,300. Estimators also increased the monthly cost per person by \$0.40 to \$45.00. The estimate includes the reduced payment for residents in assisted living facilities from \$538 to the state's federally required minimum payment of \$332, effective October 1, 2011. The Department's request is consistent with the enacted level and does not reflect the conference estimate. *The Governor recommends \$594,900 more from general revenues than requested, consistent with the caseload estimate.*

The following table includes the separate categories and monthly payments subsequent to the October 1, 2011 change and then reflecting the 3.6 percent cost-of-living adjustment for the federal portion of the payment, effective January 1, 2012.

Supplemental Security Income Payments	Beginning 10-1-2011			Beginning 1-1-2012		
	State	Federal	Total	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 674.00	\$ 713.92	\$ 39.92	\$ 698.00	\$ 737.92
Couple Living Alone	\$ 79.38	\$ 1,011.00	\$ 1,090.38	\$ 79.38	\$ 1,048.00	\$ 1,127.38
Individual Living with Others	\$ 51.92	\$ 449.34	\$ 501.26	\$ 51.92	\$ 465.34	\$ 517.26
Couple Living with Others	\$ 97.30	\$ 674.00	\$ 771.30	\$ 97.30	\$ 698.67	\$ 795.97
Resident in State Licensed Supportive Residential Care	\$ 300.00	\$ 674.00	\$ 974.00	\$ 300.00	\$ 698.00	\$ 998.00
Resident in Assisted Living	\$ 332.00	\$ 674.00	\$ 1,006.00	\$ 332.00	\$ 698.00	\$ 1,030.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00	\$ 20.00	\$ 30.00	\$ 50.00

**Supplemental Security Income Transaction Fees.** The state chooses to supplement the federal program and it transfers funds to the federal government so the recipient receives one check. The state pays transaction fees for the service, which would have totaled \$4.2 million for all of FY 2011 for all categories of recipients. The 2010 Assembly included Article 3 of 2010-H 7397, Substitute A, as amended to have the state make its portion of the payment directly to the clients instead of paying a transaction fee to the federal government for the payment and included savings of \$3.2 million from general revenues. This was to take effect September 1, 2010, but it did not occur until January 1, 2011 for most groups of recipients. The caseload estimate includes \$100,000 for the payment of transaction fees in FY 2013, primarily for individuals living in an assisted living residence. The Department's request is consistent with the enacted level and does not reflect the conference estimate. *The Governor recommends \$26,500 more than requested for transaction fees, consistent with the caseload estimate.*

**Supplemental Security Income Transition/Bridge Program.** The Caseload Estimating Conference estimates expenditures for the supplemental security income transition/bridge program at \$3.2 million, including \$2.3 million from general revenues. This is \$35,585 more than enacted from all sources, including \$50,035 more from general revenues. The estimate includes \$0.8 million for cash payments, \$1.7 million for medical expenses and \$0.7 million for burials. The estimate increases the projected number of persons by 34 for a level of 640 and burial costs by \$33,000 and reduces the monthly cost per person from \$114.76 to \$109.00. The Department's request is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommends \$35,585 more than requested, including \$50,035 more from general revenues and \$14,450 less from federal funds, consistent with the caseload estimate.*

**Hardship Payments.** The Department requests the enacted level of \$210,000 from general revenues for hardship contingency payments; the director of the Department may provide for these payments. The program provides temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. *The Governor recommends funding as requested.*

### Cash Assistance Administration

**Rhode Island Works Program Administration – Staffing.** The Department requests \$11.7 million for salary and benefit expenses for Rhode Island Works administration. This includes \$3.9 million from general revenues and \$7.8 million from federal funds. This is \$0.7 million more than enacted, including \$0.5 million more from general revenues and \$0.2 million more from federal funds for 100.7 full-time equivalent positions, 0.1 position more than enacted. The request includes benefit rates consistent with FY 2013 planning values and carries forward the restoration of some of the statewide general revenue reductions included in the enacted budget. The request assumes full federal funding for all 6.0 of the new positions included in the FY 2012 enacted budget to provide intensive case

management services to program participants to access job training services and address obstacles to participation in allowable work activities. *The Governor recommends \$0.9 million less than requested, including \$0.6 million from general revenues primarily to reflect updated retirement rates.*

**Rhode Island Works Grants.** The Department requests grant expenditures of \$10.1 million from all sources for training and work activities for program recipients. This includes \$4,644 from general revenues and \$10.1 million from federal funds and is \$4.2 million more than enacted, including \$1,056 less from general revenues. This represents a 70.6 percent increase from the enacted grant level. The federal fund increase primarily reflects the anticipated utilization of available temporary assistance to needy families block grant funds, including \$2.0 million for child care because of anticipated increased parent involvement in work preparation activities or employment and \$1.6 million for new and continued contracts for on-the-job training and paid work experiences. It also shifts \$0.6 million for contracts with Rhode Island institutions of higher education for Rhode Island Works staff training from operations to grants and includes the enacted level of \$0.6 million for the New Opportunity Homes grant, which provides housing for pregnant and parenting women up to 18½ years of age. There are two houses in the state providing residential services for 10 to 12 women and their children.

*The Governor recommends \$3.5 million less than requested, corresponding to the additional funding requested for child care and on the job training contracts, because the Department did not provide any supporting information or justification regarding the use of these funds.*

**Rhode Island Works Program Administration – Other Operations.** The Department requests \$5.3 million for Rhode Island Works program administration expenses, which is \$0.2 million less than enacted. This includes \$2.0 million from general revenues, \$1.4 million more than enacted and \$3.3 million from federal funds, \$1.6 million less than enacted. Operating expenses include \$1.7 million for the rental and security costs for the satellite offices, \$1.3 million for the InRhodes eligibility system contract, \$0.8 million for postal and printing expenses, \$0.4 million for interpreters and translators, \$0.3 million for communication expenses, \$0.2 million for the monthly fee to charge the electronic benefit cards for the Rhode Island Works recipients, and \$0.8 million for other office expenses.

The enacted budget includes general revenue savings of \$0.9 million from shifting expenses to the federal temporary assistance to needy families block grant, but the request inadvertently shifts the funds back and it also shifts \$0.6 million for contracts with Rhode Island institutions of higher education for Rhode Island Works staff training from operations to grants, discussed earlier. Other changes to the enacted budget include \$0.1 million less for the InRhodes eligibility system contract, offset by increases of \$0.2 million for postage and \$0.1 million each for lease costs, interpreters and translator services and the monthly fee to charge the electronic benefit cards for the Rhode Island Works recipients. *The Governor shifts general revenue expenditures of \$1.3 million to the federal grant and adds \$0.6 million from federal funds to show non-general revenue sources available from the retirement savings.*

**Child Care Administration – Staffing.** The Department requests \$1.7 million from all funds for salary and benefit expenses for child care administration for 16.6 full-time equivalent positions. The request includes \$0.9 million from general revenues and \$0.8 million from federal funds, and is \$0.1 million more than enacted, including \$0.2 million more from general revenues and \$0.1 million less from federal funds. The request provides for benefit rates consistent with FY 2013 planning values, \$85,000 for overtime expenses and maintains the turnover savings for about two vacant positions, consistent with the enacted budget. *The Governor recommends \$123,848 less than requested, including \$68,108 from general revenues primarily to reflect updated retirement rates.*

**Child Care Administration – Other Operations.** The Department requests \$2.6 million for child care administration expenditures, including \$0.2 million from general revenues and \$2.4 million from federal funds. The request is \$139,221 more than enacted, including \$12,975 less from general revenues and \$152,196 more from federal child care development fund grant funding. The request includes federal fund increases of \$0.1 million for interpreters and translators and \$0.1 million for postage expenses which are not included in the enacted budget. It also includes \$0.5 million for the InRhodes contract, which is \$30,353 less than enacted, \$0.1 million for other contracted management consultants and \$0.1 million for all other administrative expenses.

Grant expenditures of \$1.7 million are consistent with the enacted budget and include: supporting the licensing function of the Department of Children, Youth and Families; resource and referral services to families; developing early learning standards; professional development and training programs; on-site technical assistance to family and center based child care centers, and a statewide quality rating and improvement system for providers. *The Governor recommends \$50,335 more federal funds than requested to show non-general revenue sources available from the retirement savings for this program.*

**SSI Supplemental Payment Administration – Staffing.** The Department requests \$292,289 from general revenues for 3.0 full-time equivalent positions related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. This is \$63,996 less than the enacted budget and \$28,867 more than the revised request. The enacted budget assumes the 3.0 case worker positions would be filled for the full year and the nurse position would be filled for eight months in FY 2012. The request assumes the three case worker positions are fully funded with benefit rates consistent with Budget Office instructions for FY 2013. The request does not eliminate the fourth position; instead shifting the position elsewhere within the Department.

The Department had requested 4.0 positions in November 2010 in its FY 2012 request, though it had been determined within the Department, in October 2010, that only 3.0 positions were needed and the nurse position was not required. The Department indicates that the 4.0 positions were requested in case the nurse or an additional case worker was determined to be needed at a later date. The November 2011 caseload conference was the first time that the estimators had been made aware of the need for only three positions and that the three case workers are successfully accommodating the entire state supplement payment population. *The Governor recommends \$22,775 less than requested, primarily to reflect updated retirement rates.*

**SSI Supplemental Payment Administration – Operations.** The Department requests \$323,001 from general revenues, which is \$880 more than enacted, for operational expenditures related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. This includes \$120,501 for the InRhodes eligibility system, \$105,000 for mail and bank processing expenses and \$65,000 for office supplies and related expenses, which are all included in the enacted budget. *The Governor recommends funding as requested.*

## **Veterans' Affairs**

**Veterans' Affairs - Staffing.** The Department requests \$25.7 million from all funds for salaries and benefits for 239.2 positions, including \$18.3 million from general revenues and \$7.4 million from federal funds. The request is \$4.0 million more than enacted, including \$3.1 million from general revenues and 25.0 full-time equivalent positions less than the enacted authorization.

Consistent with the revised request, it eliminates the authorization for 26.0 of the 35.0 new positions at the Veterans' Home, reclassifying them as temporary positions. The request assumes that the 9.0 new full-time equivalent positions and 26.0 seasonal nursing staff will begin March 1, 2012, consistent with the enacted budget, and assumes full funding for these positions in FY 2013. The request carries forward the restoration of some of the statewide 3.0 percent general revenue reductions included in the enacted budget and restores \$0.2 million and authorization for the associate director position that had been eliminated in the enacted budget.

The request includes turnover savings of \$1.9 million, which is equivalent to approximately 19 positions and about 8 percent of the total requested funding for staffing expenses for the Division. It restores funding of \$1.2 million for 14.5 positions being held vacant in the FY 2012 revised request to reduce dependence on contracted nurses in FY 2013. It also includes \$1.5 million for overtime expenses, which is \$0.5 million more than enacted and \$1.0 million less than the revised request.

*The Governor recommends \$3.0 million less than requested, including \$2.1 million from general revenues, primarily from delaying the staffing and census increases at the Veterans' Home until the final quarter of FY 2013 and savings to reflect the updated retirement rates; he includes overtime expenses as requested.*

**Veterans' Affairs – Medical and Operational Expenses.** The Department requests \$4.3 million from all sources for operating expenses at the Veterans' Home, including \$3.3 million from general revenues, \$61,433 from federal funds and \$0.9 million from restricted receipts. The request is consistent with the enacted level and \$0.2 million less than the revised request. The request includes \$0.5 million for pharmaceuticals, \$0.2 million for contracts for doctors, dentists and nurses and \$60,000 for laboratory testing, all from general revenues and includes \$0.7 million for medical services, of which \$0.4 million is from general revenues. The request also contains \$0.9 million for food and food service contracts, \$0.5 million for janitorial contracts and supplies, \$0.3 million for maintenance and repairs of the buildings and equipment, \$0.3 million for laundry services, \$0.2 million for centralized state services and utility expenses, \$0.1 million for information technology expenditures, and \$0.7 million for all other expenses related to operations at the Veterans' Home.

The enacted budget includes savings of \$1.1 million from general revenues from reduced nursing pool expenses, from consolidating and making renovations in several wings and then hiring additional staff in FY 2013 when the census is estimated to increase after renovations are done. There had been delays in FY 2012, but the FY 2013 request assumes the reduction to nursing pool expenses will be realized.

*The Governor recommends \$0.7 million more than requested, including \$0.3 million more from general revenues. General revenue changes include \$0.5 million more for contracted nurses offset by reductions to various operating expenses and he recommends \$0.4 million more to show non-general revenue sources available from the retirement savings for the Division.*

**Veterans' Cemetery.** The Department requests the enacted level of \$785,000 from all funds, including \$0.7 million from federal funds and \$85,000 from restricted receipts for the Veterans' Cemetery in Exeter. The Department was awarded a new federal grant from the National Cemetery Administration for the repair and restoration of burial fields. The grant totals \$2.1 million and the Department planned to spread the award equally over three years, beginning FY 2012, though no funds have been spent yet; the work will be done in conjunction with regular operations. The request also includes \$85,000 for the purchase of four lawn mowers and two utility vehicles for maintenance services at the Cemetery through the Memorial Fund.

*The Governor recommends \$700,000 less than requested for the National Cemetery Administration grant because the Department did not provide sufficient information regarding construction details of the project or a timeline of proposed improvements.*

**Capital Projects.** The Department requests \$1.4 million from all sources, including \$749,250 from federal funds and \$615,750 from restricted receipts for capital projects at the Veterans' Home and Cemetery. This is consistent with the enacted level; however, the approved Capital Plan for FY 2013 includes \$715,000 from restricted receipts for the renovation of nursing units N-2 and N-3. The Department requests \$515,000 from federal funds for a new columbarium at the Cemetery in the Capital Budget request, but inadvertently omitted the funds in the operating request. All projects are described in the Capital Budget Section of this publication. *The Governor recommends \$0.6 million less than requested from restricted receipts and includes \$445,000 for the columbarium.*

### **Division of Elderly Affairs**

**Staffing.** The Department requests \$3.3 million from all sources, including \$1.3 million from general revenues and \$2.1 million from federal funds for all salaries and benefits for 30.0 full-time equivalent positions. This is \$0.4 million more than enacted, including \$0.7 million more from general revenues and consistent with the enacted authorization. This includes benefit rates consistent with Budget Office instructions, restores turnover savings that are included in the revised request for 1.0 position and consistent with the revised request, restores \$0.1 million from general revenues that the 2011 Assembly had included as savings from the merger with the Department of Human Services since no staffing efficiencies have been achieved at this time.

The Division indicates that the general revenue funding for staffing acts as the match for federal grant funds, that the general revenue funding must be restored in order to obtain and maximize the federal grants and that the loss of the match will result in the loss of entire federal grants. The Division also indicates that all available funds are already being used to match federal funds to meet maintenance of effort requirements. However, the request only counts general revenue funding for staff members performing direct services for the Division and does not include related staff within the Department of Human Services.

*The Governor recommends \$0.3 million less than requested, including \$0.1 million from general revenues, primarily to reflect updated retirement rates.*

**Pharmaceutical Assistance to the Elderly.** The Department requests \$549,000 from all sources for the pharmaceutical assistance program for FY 2013. This is consistent with the enacted budget and includes \$374,000 from general revenues for payment of claims and \$175,000 from restricted receipts from anticipated rebate funds. Consistent with the revised request, the FY 2013 request does not include any carry forward rebate funds from either FY 2011 or FY 2012. A total of \$0.6 million was carried forward from FY 2011 into FY 2012 and the Division intends to seek approval to spend the funds for other expenses that the assistance program incurs that are directly related to pharmaceutical assistance and awareness, but had not indicated specifically what these would include.

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 category limits and individuals between the ages of 55 and 64 receiving Social Security Disability Insurance. It is important to note that there has been a significant decline in Rhode Islanders receiving assistance from the program since the inception of the

Medicare Part D program in January of 2006. It is also important to note that the program mandates the use of generic drugs when there is an alternative, but rebates cannot be collected on generic drugs.

For the FY 2012 budget, the Governor requested eliminating the Pharmaceutical Assistance to the Elderly program and creating the Supplemental Prescription Assistance Program to assist individuals who would be adversely impacted by the elimination of the program. Federal health care reform will eliminate the Medicare Part D “donut hole” and the need for supplemental coverage by 2020. The 2011 Assembly did not concur, fully funded the program for FY 2012 and included Article 23 of 2011-H 5894 Substitute A, as amended to make the program the payer of last resort and allow all current participants in the program to continue to receive services in addition to their Medicare Part D benefits while they are in the donut hole. *The Governor recommends \$200,000 less from general revenues than requested due to anticipated decreases in utilization.*

**Home and Community Care Medicaid Waiver Services.** The Department’s request includes \$9.6 million from all sources, including \$4.6 million from general revenues for the provision of subsidized home and community care to low income elders through the home and community based waiver program. This is \$0.8 million more than enacted, including \$0.4 million from both fund sources to reflect an anticipated increase in utilization of home and community care services.

This program funds eligible individuals who are in either in an assisted living facility or receiving home care services, though the individuals continue to need a nursing home level of care. The Department indicated that the program has grown by about ten percent since FY 2009 as a result of the Global Waiver, specifically the initiative to move individuals from long term care facilities to assisted living facilities. The request represents a 9.5 percent increase; however it is inconsistent with the FY 2013 Medicaid match rate. The Division intended to request a ten percent increase and then adjust for the FY 2013 Medicaid rate.

*The Governor recommends funding as requested. In the Office of Health and Human Services’ medical assistance program for FY 2013, he includes savings from conducting a clinical review when an individual’s monthly expenses for certain community based services exceed the monthly nursing home cost of \$5,531 or \$66,372 annually. The Department indicates some services may exceed \$100,000 annually. The Office’s staff, in cooperation with the Division of Elderly Affairs will also use a new level of assessment guide when authorizing services to determine the appropriate level of service given a person’s specific circumstance. There are no savings from this initiative for the Division in his recommended budget.*

**Home Care Services.** The Department requests \$2.9 million from all sources, including \$1.4 million from general revenues for the home care services program. This is \$0.3 million more than enacted to reflect a ten percent increase in program utilization and the request reflects an exact ten percent increase in funding. The Department is projecting that it will pay for 177,758 hours of service in FY 2013, which is 31,184 hours more than paid for in FY 2010, 12,478 hours less than paid for in FY 2011 and 16,160 hours more than the FY 2012 enacted and revised projection. However, the request appears to utilize the FY 2012 Medicaid match rate, instead of the FY 2013 match rate.

The co-payment rate schedule for home care services is based on the program recipient’s income level. Level 1 covers those earning less than 125 percent of federal poverty or less than \$13,963 for individuals and \$18,913 for couples per year. Level 2 covers individuals and couples earning less than 200 percent of federal poverty or less than \$22,340 and \$30,260 per year. The home care rate is \$4.50 per hour for income level 1 and \$7.50 per hour for income level 2. This 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's recommends shifting expenditures of \$24,705 from federal funds to general revenues to adjust for the correct Medicaid match rate.*

**Adult Day Care Services.** The Department's request includes \$2.4 million from all sources, including \$1.1 million from general revenues and \$1.3 million from federal funds for the adult day care services program. This is \$0.2 million or 7.6 percent more than the enacted level, including \$52,498 more from general revenues. The Department is projecting that it will pay for 48,260 days of service in FY 2013, which is 7,153 more days than the FY 2012 enacted and revised projection, which represents a 17.4 percent increase in days, though only a 7.6 percent increase in expenditures for FY 2013. The request also assumes an incorrect Medicaid match rate, underestimating the required general revenues.

The co-payment rate schedule for adult day care services is based on the program recipient's income level. Level 1 covers those earning less than 125 percent of federal poverty or less than \$13,963 for individuals and \$18,913 for couples per year. Level 2 covers individuals and couples earning less than 200 percent of federal poverty or less than \$22,340 and \$30,260 per year. The adult day care rate schedule is \$7.00 per day for income level 1 and \$11.50 per day for income level 2. This program serves low-income elders who pay a portion of their day care services. *The Governor's recommends shifting \$47,694 from federal funds to general revenues to adjust for the correct Medicaid match rate.*

**Case Management Services.** The Department's request includes \$0.9 million from all sources, including \$0.4 million from general revenues for elder case management. This is \$30,936 more than enacted from federal funds, representing a ten percent increase to the federal expenditures for non-Medicaid claims, which the Division indicates is an error. The intended request is consistent with the enacted level, which does not include the updated FY 2013 Medicaid match rate. These services were previously funded only from state funds; however, the Department is now able to leverage Medicaid through the Rhode Island Consumer Choice Global Waiver. Case management programs assist older Rhode Islanders who wish to remain at home as long as possible. *The Governor's recommendation shifts \$4,034 from federal funds to general revenues to adjust for the correct Medicaid match rate.*

**Title III B Older Americans Act Grants.** The Department's request includes \$1.9 million from federal funds for the Older Americans Act Title III Part B grants, consistent with the enacted level and the revised request. These federal grants are used to support a variety of services and programs for seniors. Other services include case management, legal assistance, outreach, and community senior activities. It is important to note that the Department has consistently carried forward a large balance and is able to utilize these funds for otherwise general revenue funded expenses, including as salaries of staff providing direct services to elders.

The Department spent its federal fiscal year 2010 grant award through September 30, 2011 and became eligible to begin spending its federal fiscal year 2012 grant award on October 1, 2011. The federal fiscal year 2011 grant award will be drawn down in increments of \$1.2 million over five fiscal years; the FY 2012 enacted budget includes the first installment and the FY 2013 request also includes \$1.2 million for the second installment. The Division indicates that the federal fiscal year 2011 grant funding must be obligated by the end of the two-year grant period and spent in the manner in which it was obligated and this five-year spending plan qualifies as an obligation. *The Governor recommends funding as requested.*

**Home Delivered Meals – Meals on Wheels.** The Department's request includes \$0.8 million from federal funds for home delivered meals through the Rhode Island Meals on Wheels program. This is

\$624 more than enacted, reflecting the actual increase in the federal award. Meals on Wheels receives funding for home delivered meals as well as for the congregate meal sites and senior nutrition programs. The Department's request also includes the enacted level of \$181,260 from general revenues from a community service grant, discussed separately; however, the general revenue funding is not considered a federal match. *The Governor recommends funding as requested.*

**Nutrition Services – Congregate Meal Sites.** The Department's request includes \$2.3 million from federal funds for congregate meal sites. The request is \$25,989 more than enacted, representing an anticipated five percent increase in grant funding for providing meals to the elderly. 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 through the Older Americans Act of 1965. *The Governor recommends funding as requested.*

**Medicare Outreach and Enrollment Assistance Grants.** The Department's request includes \$155,708 from federal funds for Medicare Outreach and Enrollment Assistance grants, consistent with the enacted budget. These grants are available through the Medicare Improvements for Patients and Providers Act. The purpose of these grants is to provide targeted outreach to clients who may be eligible for the Medicare Savings Program and the "Extra Help" program and who are not yet enrolled. The Medicare Outreach grant is for \$65,771 and the Medicare Enrollment Assistance grant is for \$89,937. These programs are for people with limited income and resources that pay some or all of Medicare's premiums. The programs help pay monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommends funding as requested.*

**Aging and Disability Resource Center.** The Department's request includes \$368,841 from federal funds, consistent with the enacted budget, to extend and expand its Aging and Disability Resource Center. This Center is locally known as the Point. The Point's goal is to provide information about and referral to a statewide network of programs for seniors, adults with disabilities, and caregivers. These are new federal grants that will improve knowledge of the problems and needs of the elderly, help ensure adequately trained personnel in the field of aging, and demonstrate better ways of improving the quality of life for the elderly. *The Governor recommends funding as requested.*

**All Other Grants.** The Department's request includes \$2.3 million from all sources, including \$0.5 million from general revenues and \$1.9 million from federal funds for other grant awards. This is consistent with the enacted level and \$84,375 less than the revised request. These grants include the senior Medicare patrol project, health information and counseling, disease prevention, family care giver support, Rhode Island respite, senior companion program, in-home services for the elderly, ombudsman and community agency grants. *The Governor recommends \$1 less than requested and shifts expenditures of \$7,927 from federal funds to general revenues to adjust for the correct Medicaid match rate.*

**Indirect Cost Recovery.** Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate to lower state general revenue costs. The Division requests the enacted savings of \$0.4 million from assuming an indirect cost recovery rate of not less than 5.0 percent: these savings were also included in FY 2010 and FY 2011, but were not achieved. The Division indicates it intends to attempt to recover the funds, but does not have a plan to achieve this. The request does not assume general revenue savings from capturing these funds; however, if funds were recovered, general revenues would become available. The Division indicated it was included on a request for proposals put forth by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for a third party to examine if there is

a more cost-effective manner to extract administrative funding from federal grant awards; however, this was issued while Elderly Affairs was autonomous. It should be noted that the Departments of Health, Environmental Management and Elementary and Secondary Education have approved indirect rates that did not require the assistance of an outside entity. *The Governor recommends funding as requested.*

**Other Operations.** The Department's request includes \$477,257 from all sources for operating expenses, which is \$5,235 less than enacted, \$960 less than the revised request and includes \$2,825 less from general revenues. This includes adjustments primarily related to foregoing the purchase of computer equipment and reduced audit fees, offset by increases for cellular telephone expenses. It should be noted that FY 2010 expenditures were \$256,367, FY 2011 expenditures were \$300,455 and the revised request includes \$478,701. *The Governor recommends \$0.1 million more than requested from federal funds to show non-general revenue sources available from the retirement savings.*

### **Other Programs**

**Child Support Enforcement – Staffing.** The request includes \$5.3 million from all sources for salaries and benefits for 61.2 positions. This is \$0.6 million more than enacted and includes \$1.8 million from general revenues and \$3.5 million from federal funds and includes benefit rates consistent with FY 2013 planning values. Consistent with the revised request, this includes \$43,368 less for overtime expenditures, assumes filling several vacant positions at lower pay grades and restoration of some of the 3.0 percent statewide general revenue reduction in FY 2012, which carries forward into FY 2013. The request includes turnover savings of \$0.5 million from maintaining an equivalent of 5.0 positions vacant throughout all of FY 2013. *The Governor recommends \$0.4 million less than requested, including \$0.1 million from general revenues, primarily to reflect updated retirement rates.*

**Project Restore.** The Department requests the enacted level of \$191,587, including \$9,488 from general revenues and \$182,099 from federal funds for Project Restore. However, this appears to be an error, since this is a one-time grant award and the funds must be spent by February 29, 2012. *The Governor recommends funding as requested.*

**Child Support Enforcement Program - Other Operations.** The Department requests \$3.7 million for all operating expenses of the child support enforcement program, including \$0.7 million from general revenues and \$3.0 million from federal funds. The request is \$205,179 more than enacted, including \$78,656 more from general revenues and \$126,523 more from federal funds. The request includes \$1.6 million for the InRhodes eligibility and benefit payment systems, \$0.6 million for lease and security costs, \$0.4 million for postage and printing, and \$0.5 million for all other operating expenditures.

Consistent with the revised request, the FY 2013 request includes restoring enacted savings of \$246,000 from substituting the use of constable services with regular mail when possible for notification of parties to appear at court. The Department did not receive approval from the Chief Judge of Family Court until July and the mailing did not begin until October; the Judge will review the process after six months to determine if it will be permanent. *The Governor recommends \$246,000 less than requested, including \$86,340 from general revenues from assuming savings from a full year of utilizing regular mail services instead of constables whenever possible.*

**Women, Infants and Children Nutrition Program.** The Department requests \$26.0 million from federal funds for the Women, Infants and Children administration and benefits program. This is \$0.2 million less than enacted from administrative funds and includes the enacted level of \$19.5 million for benefit payments and the farmers' market. From administrative funds, the request includes \$1.3

million or \$161,472 more for salaries and benefits for 12.0 full-time equivalent positions, \$4.1 million for the various vendors in the field who issue the benefit vouchers to recipients, \$430,000 for information technology and claims processing, \$366,604 for temporary and management services, \$107,000 for computer and equipment purchases and maintenance, \$85,000 for training programs, and \$149,000 for all other operating expenses, including printing, out of state travel and office supplies.

*The Governor recommends \$35,538 more than requested, primarily to reflect updated retirement rates and to show non-general revenue sources available from the retirement savings for this program.*

**Supplemental Nutrition Assistance Program - Benefits.** The Department requests the enacted level of \$298.3 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program in FY 2013. The Department requests the enacted level based on FY 2012 year to date expenditures and the assumption that the number of recipients cannot continue to increase, especially since about 15 percent of Rhode Islanders currently participate in the program. However, the anticipated expiration of unemployment insurance benefits beginning in March 2012 will likely increase the number of applicants since often times the receipt of unemployment insurance benefits lifts a family above the income threshold for eligibility.

The request represents no increase from FY 2012 levels; the FY 2012 enacted level represents a 13.1 percent increase from FY 2011 benefit expenditures while the increase from FY 2010 to FY 2011 was 17.0 percent. *The Governor recommends funding as requested.*

**Supplemental Nutrition Assistance Program – Time-Limited Positions.** The Department's request eliminates the \$366,541 from federal funds and authorization for 22.0 positions that were authorized and filled through September 30, 2011 to handle the increasing number of program applications. *The Governor recommends funding as requested.*

**Supplemental Nutrition Assistance Program – All Other Staffing.** The Department requests \$11.8 million from all funds for salaries and benefits for 125.8 full-time equivalent positions, which is 5.2 more positions than included in the enacted budget, shifted from elsewhere in the Department. This is \$0.7 million more than enacted and includes \$5.9 million from both general revenues and federal funds. The request includes \$0.9 million for overtime expenses, which is \$13,500 more than enacted, benefit rates consistent with FY 2013 planning values and includes filling all vacant positions. *The Governor recommends \$0.9 million less than requested, including \$0.4 million from general revenues, primarily to reflect updated retirement rates.*

**Supplemental Nutrition Assistance Program - Other Operations.** The Department requests \$6.7 million from all sources for operating expenditures related to the Supplemental Nutrition Assistance program, formerly called the food stamp program, excluding salaries and benefits. The request is \$0.6 million more than enacted, including \$62,974 more from general revenues and \$510,289 more from federal funds because of the continually high number of new and renewal applications. The request includes \$2.2 million for administrative grants to participating vendors, \$1.3 million for the InRhodes eligibility system and \$1.3 million for the electronic benefit cards. Other expenditures include \$0.6 million for printing and postage expenses, \$0.6 million for lease and security costs, \$0.4 million for centralized state services, and \$0.3 million for all other operating expenditures. *The Governor recommends funding as requested.*

**Low Income Home Energy Assistance Program.** This program provides funds to assist Rhode Island's low income households to meet the increasing cost of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and grants range from \$300 to \$450 depending on income level. The 2011 Assembly enacted

legislation to transfer this program from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

*The Governor's recommendation reflects the transfer of the program, including \$18.3 million from federal funds, including \$17.5 million for grants, \$0.8 million for salaries and benefits for 7.5 positions and \$31,939 for operating expenses.*

**Weatherization Assistance Program.** The weatherization assistance program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. The 2011 Assembly enacted legislation to transfer this program from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

*The Governor's recommendation reflects the transfer of the program, including \$0.9 million from federal funds, including \$0.7 million for grants, \$0.1 million for salaries and benefits for 1.5 positions and \$44,489 for operating expenses.*

**HIV/AIDS.** The 2011 Assembly transferred the direct service programs related to HIV/AIDS from the Department of Health to the Department of Human Services, effective July 1, 2011. The enacted budget includes \$13.1 million, including \$2.6 million from general revenues and authorization for 4.0 positions. The FY 2013 request includes \$12.0 million, including \$2.6 million from general revenues and \$9.3 million from federal funds. The request is \$1.2 million less from federal funds than the enacted level and essentially consistent with the revised request.

The enacted budget had not specified which positions would be shifted to Human Services and included more funding for the 4.0 positions than was necessary; the request includes \$0.5 million for these positions, which is \$0.8 million less than enacted. The request also includes \$1.8 million less for supportive services provided through various grant awards shifting the expenses back to the Department of Health and \$0.2 million less for education services, offset by increases of \$1.4 million for pharmaceuticals and \$0.2 million for claims processing expenses.

*The Governor recommends \$0.3 million more from federal funds than requested, including \$0.1 million more for 1.0 position transferred from the Department of Health and additional drug rebate funding.*

**Race to the Top.** In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor recommends expenditures of \$7.1 million, including \$6.7 million for grant awards, \$0.2 million and authorization for 2.5 new full-time equivalent positions and \$0.2 million for operating expenses.*

**Special Education.** The Department's request includes \$25.3 million for the federal portion of special education expenditures, including benefits and administration expenses. The state match is provided by the local school districts. This is consistent with the enacted budget. *The Governor recommends shifting the program to the Executive Office of Health and Human Services for FY 2013.*

**Paratransit Services for the Elderly.** The Department requests \$6.6 million from all sources for elderly transportation services, including \$1.9 million from general revenues, \$0.4 million from federal funds and \$4.3 million from the Department's one-cent share of the motor fuel tax. This is \$422,793 more than enacted from general revenues, consistent with the revised request. The state leverages

Medicaid funds under the global waiver for certain transportation expenses that were previously state only; however, there has been an increase in the number of riders who are not Medicaid eligible. Therefore the Department requests \$600,000 more from general revenues to alleviate the shortfall. Absent that, it would have to limit the number of trips for elderly clients to medical services, increase co-pays or reduce or eliminate certain trips that are currently provided. There may be federal Title III funding available within the Division of elderly affairs that could be used for this purpose.

The request also inadvertently reduces the general revenue request by \$177,207, which represents the state's payment for transportation expenses for individuals who are Medicaid eligible and it does not adjust for the FY 2013 Medicaid rate.

*The Governor recommends \$871 less than requested, including \$30,384 more from general revenues and \$28,095 less from motor fuel tax revenues based upon updated revenue estimates. He proposes a \$2 co-pay for each one-way trip for RIde transportation to and from adult day care centers, effective July 1, 2012, and assumes \$150,000 from this action. He adds \$450,000 from general revenues for the anticipated increase in utilization and adds back the necessary general revenues to match Medicaid expenses.*

**Community Services Block Grant.** The Department requests \$4.3 million from federal funds for expenses related to the community service block grant, including salaries and benefits. This is \$55,671 less than enacted for salary and benefit expenses reflecting turnover savings from not filling a vacant position. The request includes the enacted level of \$4.3 million for direct grants awarded to the state's nine community action agencies and \$9,738 for all other operating expenditures. *The Governor recommends funding as requested, shifting \$4,057 from staffing to operating expenses to show non-general revenue sources available from the retirement savings for this program.*

**Head Start.** The Department requests the enacted level of \$0.8 million from general revenues to support the local head start agencies. Head Start is a federally funded program that provides services to 2,471 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the agencies and the state provides additional funding. *The Governor recommends funding as requested.*

**Community Service Grants.** The Department requests the enacted level of \$3.4 million from general revenues to support over 120 social service agencies and community organizations throughout the state. This includes the community service grants that had previously been in the budget of the Department of Elderly Affairs. *The Governor recommends reducing community service grants by 25.0 percent, which is equivalent to \$845,020.*

**Community Health Centers.** The Department requests \$1.3 million to support uncompensated health care expenses at the state's 12 community health centers. The total is \$51,455 more than enacted from general revenues, which appears to be to correct for the change in the federal Medicaid match rate for FY 2013; however, the request is not at the correct Medicaid rate. The state is able to leverage Medicaid for this activity through the global waiver and the funding is distributed among the health centers that provide medical services at 24 clinics throughout Rhode Island. *The Governor shifts \$16,085 from general revenues to federal funds to account for the correct Medicaid match rate.*

**Crossroads Rhode Island.** The Department requests \$360,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues. The request is consistent with the enacted budget and the FY 2012 revised request. Crossroads Rhode

Island is the largest homeless services organization in Rhode Island that provides 24-hour assistance, seven days a week. *The Governor recommends funding as requested.*

**Work Support Strategies Grant.** The request does not include any funding for the Work Support Strategies grant, since the grant funds must be spent by June 30, 2012. The enacted budget includes \$250,000 from general revenues for this grant from the Urban Institute. *The Governor recommends funding as requested.*

**Central Management – All Other Staffing.** The Department requests \$2.4 million for salary and benefit expenses for 16.0 full-time equivalent positions for the central management program. The request is \$302,592 more than enacted, primarily from general revenues and includes \$1.7 million from general revenues, \$0.1 million from federal funds and \$0.5 million from restricted receipts. It includes benefit rates consistent with FY 2013 planning values and consistent with the revised request, includes turnover savings of \$0.8 million from maintaining about eight vacant positions, assumes filling several high-level positions during the final six months of FY 2012 and carries forward the restoration of some statewide general revenue reductions included in the enacted budget. *The Governor recommends \$0.2 million less than requested, including \$0.1 million from general revenues, primarily to reflect updated retirement rates.*

**Central Management - Other Operations.** The Department requests \$329,869 from all funds, including \$101,671 from general revenues for all other state operations in central management. The request is consistent with the enacted budget and includes \$207,135 from federal funds for the emergency food assistance program. Other expenditures include \$42,500 for legal expenses, \$11,296 for dues and fees, \$7,968 for rental and lease costs, \$6,020 for insurance costs, and \$54,950 for all other operating expenses. *The Governor recommends \$9,637 less than requested, including \$42,500 less from general revenues from shifting expenses for legal services to the Executive Office of Health and Human Services consistent with the revised recommendation and includes \$52,137 more to show non-general revenue sources available from the retirement savings for these programs.*

**Individual and Family Support - All Other Staffing.** The Department requests \$1.5 million for salary and benefit expenses for 36.3 full-time equivalent positions, including expenditures of \$0.5 million from general revenues and \$1.0 million from federal funds. The request is \$0.1 million more than enacted, including \$0.3 million more from general revenues and \$0.1 million less from federal funds. The request includes benefit rates consistent with FY 2013 planning values, full funding of \$0.2 million for 1.0 administrator operations management position filled in FY 2012 and carries forward the restoration of some of the statewide general revenue reductions included in the enacted budget. The request also includes turnover savings of \$0.2 million from maintaining current vacancies into FY 2013 and shifts some federal funds to general revenues based on FY 2012 year to date cost allocations. *The Governor recommends \$118,779 less than requested, including \$43,279 from general revenues, primarily to reflect updated retirement rates.*

**Individual and Family Support - Other Operations.** The Department requests \$3.4 million, including \$0.2 million from general revenues, \$3.0 million from federal funds and \$0.2 million from restricted receipts for all other expenditures in the individual and family support program. The request is \$0.1 million less than enacted, primarily from federal funds reflecting reduced grant funding. The request includes \$0.9 million for grants for family violence prevention, \$0.9 million for family and adult services, \$0.6 million for social security administration reimbursements, \$0.5 million for grants for emergency shelters, and \$0.2 million for refugee services and administration, \$0.2 million for expenditures from vending stand proceeds and \$1,125 for the toy lending library. *The Governor*

*recommends \$75,500 more than requested to show non-general revenue sources available from the retirement savings for these programs.*

**Capital - Blind Vending Facilities.** The Department requests \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities, consistent with the enacted level and FY 2012 revised request. There are currently 18 facilities that operate under the name COFFEE PLUS. Staff is trained through the Department's Office of Rehabilitative Services and placed in a facility based on seniority. *The Governor recommends funding as requested.*

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

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 1,149,644	\$ 1,097,171	\$ 1,255,113	\$ 1,159,154
Services for the Dev. Disabled	212,682,316	213,774,702	217,844,528	216,250,351
Hosp. & Comm. System Support	4,370,866	6,048,927	5,947,850	4,782,738
Hospital & Comm. Rehab. Services	114,177,032	103,119,299	115,597,805	112,434,763
Behavioral Health	108,742,469	108,871,508	111,687,793	111,024,517
<b>Total</b>	<b>\$ 441,122,327</b>	<b>\$ 432,911,607</b>	<b>\$ 452,333,089</b>	<b>\$ 445,651,523</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 113,622,308	\$ 119,930,320	\$ 130,446,560	\$ 120,638,467
Contracted Services	1,148,793	1,584,448	1,124,257	1,124,257
<b>Subtotal</b>	<b>\$ 114,771,101</b>	<b>\$ 121,514,768</b>	<b>\$ 131,570,817</b>	<b>\$ 121,762,724</b>
Other State Operations	12,106,275	12,265,085	12,301,706	16,660,310
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	288,856,158	288,059,405	291,066,912	290,397,448
Capital	25,388,793	11,072,349	17,393,654	16,831,041
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 441,122,327</b>	<b>\$ 432,911,607</b>	<b>\$ 452,333,089</b>	<b>\$ 445,651,523</b>
<b>Sources of Funds</b>				
General Revenue	\$ 184,249,569	\$ 187,096,919	\$ 198,723,693	\$ 189,309,190
Federal Aid	225,489,947	228,999,437	230,763,695	233,935,148
Restricted Receipts	7,997,979	7,118,447	7,118,447	7,188,834
Other	23,384,832	9,696,804	15,727,254	15,218,351
<b>Total</b>	<b>\$ 441,122,327</b>	<b>\$ 432,911,607</b>	<b>\$ 452,333,089</b>	<b>\$ 445,651,523</b>
<b>FTE Authorization</b>	<b>1,378.2</b>	<b>1,383.2</b>	<b>1,383.2</b>	<b>1,383.2</b>

**Summary.** The Department requests \$452.3 million from all sources including \$198.7 million from general revenues, \$230.8 million from federal funds, \$15.7 million from Rhode Island Capital Plan funds and \$7.1 million from restricted receipts for FY 2013. The request is \$11.2 million more than the FY 2012 enacted budget and includes \$14.5 million more from general revenues, \$5.3 million more from federal funds, \$7.7 million less from Rhode Island Capital Plan funds and \$0.9 million less from restricted receipts. The Department requests 1,383.2 full-time equivalent positions, 7.0 more than currently authorized.

*The Governor recommends \$4.5 million more than enacted and \$6.7 million less than requested from all sources, including \$5.1 million more than enacted and \$9.4 million less than requested from general revenues. He includes the additional positions.*

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (the state's RItE Care

population) is lower than the national average while enrollment of parents is slightly higher. The percent of total spending for this population is lower than the national average but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Office of Health and Human Services' budget in FY 2013.

For disabled individuals, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the Department of Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of Children, Youth and Families.

Enrollment and expenses for the aged population is slightly lower than the national average when comparing enrollment but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the Office of Health and Human Services and the Department of Human Services' Division of Elderly Affairs in FY 2013.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Children	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$2,435	\$2,848
Adults	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Blind/Disabled	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Aged	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Total	48.1	180,317	100%	100%	\$294,400	\$1,684.3	100%	100%	\$6,120	\$9,341
<i>* in millions</i>										

Department Populations – Medical Benefits and Other Programs. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget supports programs for the disabled including residential care for adults with developmental disabilities and behavioral health issues as well as inpatient and outpatient treatment services for those with behavioral health issues. The Department also operates the Eleanor Slater Hospital system, the state's only public hospital that provides long-term care services with the support of acute medical services. The 495 bed facility is a two-campus hospital that has acute care medical, psychiatric and respiratory units.

Medical benefits for these populations including doctor visits, prescriptions, rehabilitation services and community hospital stays are provided either through the Rhody Health managed care plans or on a fee-for-service basis through the Office of Health and Human Services in FY 2013.

### Departmentwide

**Statewide Savings.** The enacted budget includes a three percent statewide reduction, two percent to personnel and one percent to operating costs, in the budgets of cabinet level agencies, elected officials, the Judiciary and Legislature. For the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, the statewide savings are \$1,816,015 from general revenues. The Department's request does not include the savings and it adds back general revenues. *The Governor recommends funding as requested.*

**New Positions.** The Department requests 7.0 new positions in FY 2013 in the Division of Behavioral Health. The positions are discussed separately in that program. The Department also adds three positions in hospital and community support, one position in central management and reduces four

positions in the division of developmental disabilities. This is consistent with the revised request. As of the January 14<sup>th</sup> payroll report, the Department has 157.4 vacant positions which would indicate that it is not necessary to raise the authorized cap since these are time-limited, federally funded positions. *The Governor adds the new positions.*

**Unidentified Operating Expenses.** The Department's request for the projected increase in retirement rates adds \$8.7 million as part of its current services request from all sources. *The Governor's recommendation adjusts for the new retirement rates consistent with pension reform, removing the general revenues as savings. However, he shifts any federal funds or restricted receipts that had been budgeted for the increase to unidentified operating expenses. The recommended budget incorrectly makes this adjustment for Medicaid accounts in the Rhode Island Community Living and Supports program and at Eleanor Slater Hospital for which there are no resources without a state match. Those instances are noted where appropriate.*

**Capital Projects.** The Department requests \$16.3 million from Rhode Island Capital Plan and Medicaid funds for capital projects which is \$7.8 million less than enacted. The Capital Budget section of this analysis includes project descriptions. *The Governor recommends \$0.5 million less than requested from Rhode Island Capital Plan funds.*

### **Division of Developmental Disabilities**

**Summary.** The state provides residential, day programming, family supports or medical services to support adults with developmental disabilities. As of November 2011 there are 4,191 individuals receiving services through either the state run system or through community based providers. This includes approximately 3,644 individuals receiving direct residential/day programming and/or family supports. There are also approximately 550 individuals who do not receive direct services but receive case management services from the division. The Department's request includes \$217.8 million from all sources, \$102.2 million from general revenues for the program to support adults with developmental disabilities in FY 2013, \$5.2 million more than enacted including \$4.9 million more from general revenues.

The state funds residential care for those individuals who require staff supervision overnight, staff supervision but not overnight, and shared living arrangements where they reside with another non-related adult, and adults with developmental disabilities through the state-run Rhode Island Community Living and Supports program and the community based, privately operated system as well as day programming and family support services supported by the Rhode Island Consumer Global Choice Waiver.

The Division provides the services through four separate programs: privately operated and state-run residential, day and supportive services funded by Medicaid, day program and supportive services and Medicaid services through the rehabilitation option, day program and supportive services that are Medicaid funded through the Rhode Island Consumer Global Waiver and state only services. Each is discussed separately.

Funding through the Medicaid global waiver supports community based residential support programs in the state-run system which is comprised of 31 homes, has a capacity to hold 234 patients and represents 7.0 percent of the residential caseload. Three of the 31 homes are special care facilities since the homes allow and accommodate 24-hour care for special care patients and can serve as a transition from the hospital or nursing home back to a community setting. 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 recommends \$216.3 million from all sources, including \$100.5 million from general revenues to support the division. He includes \$3.5 million more than enacted of which \$3.2 million is from general revenues and \$1.6 million less than requested of which \$1.7 million is general revenues.*

**Monthly Caseload Report.** The Department is required by Rhode Island General Law 22.1-22-39 to submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, Budget Office and fiscal advisors by the 15th of each month. The report format is in any form required by the House and Senate fiscal advisors. The last report submitted was for the January caseload.

**Medical Benefits.** The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Developmental Disabilities, will receive medical benefits including physician and rehabilitation services, pharmacy benefits and hospital stays that are paid for through the Executive Office of Health and Human Services' budget in FY 2013. In addition, approximately 66 percent of the developmentally disabled adults are eligible for Medicare because they are a dependent child of a Medicare recipient so they are considered to be dual eligible.

**Project Sustainability Management Contract.** The Department requests the enacted level of \$214,890 from all sources for the management contract with Burns and Associates to implement the administrative and reimbursement program changes under Project Sustainability. This is \$0.4 million less than the revised request.

Burns & Associates is a health care consulting firm that specializes in assisting state governments and private entities develop customized, innovative approaches to the financing and delivery of health care and human services. The specialties include strategic planning, financial model development, evaluation and audit, rate setting and support of operations of health care programs. *The Governor recommends funding as requested.*

**Privately Operated System.** The Department requests \$167.8 million including \$81.3 million from general revenues for programs operated through community based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. This is \$0.1 million more than enacted, including \$1.5 million more from general revenues and \$1.4 million less from federal funds for the updated Medicaid rate.

This is \$0.6 million more than the FY 2012 revised request. The Department has notified providers that as of January 1, 2012 there will be an increase in the reimbursement rates since the billings up through December are below the anticipated expenses. This will add \$5.0 million to the rates without any adjustment to the current funding level for the program in FY 2012.

*The Governor recommends \$167.5 million from all sources, \$0.1 million less than enacted and \$0.3 million less than requested. He includes general revenue savings of \$0.2 million from taking advantage of the health homes initiative to provide medical benefits to medically needy developmentally disabled adults through a new health home model with the federal government paying 90 percent of the costs of Medicaid funded services for two years.*

*The Governor also includes savings of \$0.2 million, \$0.1 million from general revenues from having providers charge third party payors for expenses before billing the state. The 2011 Assembly passed Section 2 of Article 23 of 2011-H 5894 Substitute A, as amended to require providers to first bill third party payors for medical benefits provided to a Medicaid client.*

**Rhode Island Community Living and Supports Program.** There are 31 state run group homes which provide overnight care, of which three are special needs facilities that have the capacity to provide residential services to 234 clients. As of October 31, 2011 there were 219 clients in the state run facility with 15 vacancies. The Department has established a policy that clients would be admitted into the state run system in emergency situations only.

The Department's request includes \$35.7 million for these clients from all funds, which equates to a daily rate of \$447.15 or \$163,122 annually. The request is \$4.8 million more from all funds, adding \$3.0 million from general revenues. The request is \$2.8 million, or 8.5 percent above the revised request, discussed in the following section.

*The Governor recommends \$34.7 million from all sources, including \$13.9 million from general revenues. He adds \$3.7 million to the enacted budget, including \$1.9 million from general revenues; however, he reduces the request by \$1.0 million primarily from general revenues. As previously noted, he shifts Medicaid funds that had been budgeted for the increase to unidentified operating expenses. The recommended budget incorrectly makes this adjustment for Medicaid accounts for which there are no resources without a state match.*

**State Operated System – Salaries and Benefits.** The Department requests \$32.4 million from all sources, including \$14.2 million from general revenues for salaries and benefits in its request. This is \$4.6 million more than enacted, including \$2.7 million more from general revenues and includes \$1.0 million more in salaries to backfill savings included in the enacted budget. It also includes \$0.6 million more in overtime and \$0.2 million more for temporary staffing. The request also includes adjustments consistent with updated benefits rates based on Budget Office planning values.

Consistent with the revised request, the FY 2013 request inadvertently excludes funding for any holiday pay for the employees who work at the 24 hour state run group home and as a result is underfunded by \$0.5 million from all sources, including \$0.2 million from general revenues.

*The Governor recommends \$2.3 million less than requested, including \$1.0 million from general revenues. He reduces expenses by \$2.5 million for updated retirement rates and includes the requested overtime. He restores the correct holiday pay with the exception of recognizing savings included in Article 33 which eliminates Election Day as a paid holiday to state employees.*

**State Operated System Contracted Medical Services.** The Department requests \$0.5 million from all funds to provide medical services to individuals in the state run system, of which \$0.2 million is from general revenues. Consistent with the revised request, the Department includes \$0.2 million more for contracted nursing services to backfill the loss of staff nurses in the state run program.

This includes operating the dental clinic that is located in the basement of the Virks building at the Pastore Center and staffed by contracted employees. The individuals receiving dental care through the clinic have their medical benefits paid for through the Department of Human Services' budget and have access to dental care through the fee-for-service system. *The Governor recommends funding as requested.*

*It should be noted that the Governor includes Article 17 to eliminate dental services to adults age 21 and older for savings of \$5.6 million from all sources, effective October 1, 2012. If that legislation passes, the only dental services provided to disabled individuals will be through the Department's budget.*

**State Operated System Client Revenue.** The Department requests \$1.8 million from restricted receipts to reflect the \$713.92 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 request is \$230,505 less than enacted for updated projections based on a reduced census. *The Governor recommends funding as requested.*

**State Operated System – Other Operations.** Excluding the other adjustments, the Department requests \$1.0 million from all sources for other program costs in the state run system. This is \$0.2 million more than enacted, including \$0.1 million more from general revenues. *The Governor recommends \$1.5 million more from federal funds for unidentified operating expenses. As noted previously, this is an incorrect adjustment since the retirement savings in the state run system are Medicaid funded.*

### **Other Medicaid and State Supports**

**Day Programs - Rehabilitation Option.** The Department requests \$1.2 million from all sources, \$0.3 million less than enacted including \$0.1 million less from general revenues for day programming services through the Medicaid rehabilitation option. The Department chooses to provide additional day program services to 140 individuals through the federal option. The individuals are disabled but do not meet the eligibility criteria for day programming services through the Medicaid global waiver. Services are provided by the same community based agencies for those individuals who receive day programming services through the Medicaid waiver. *The Governor recommends funding as requested.*

**Other Medicaid Funded Day Services.** The Department requests \$1.9 million from all sources for day programs through the Medicaid global waiver for services provided to individuals who are not otherwise eligible for Medicaid. This is \$0.1 million more than both the enacted and the FY 2012 revised request. It is also \$0.5 million more than the actual expenses in FY 2011. The Department is in the process of providing the caseload information for this increase.

This program is available to individuals who are not eligible for either the first Medicaid waiver or Medicaid funded services through the Medicaid rehabilitation option. *The Governor recommends funding as requested.*

**Developmental Disabilities Other State Services.** The Department requests \$7.1 million for other state services for adults with developmental disabilities, including \$4.3 million from general revenues. This is \$0.7 million more than enacted from all sources, including \$0.4 million more from general revenues. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include one out-of-state placement, parent subsidies and day programming services. *The Governor recommends \$0.3 million less than requested from general revenues and includes savings from updated retirement rates; however, he shifts the available resources to unidentified operating expenses.*

### **Division of Behavioral Health**

The Department provides behavioral health services including mental health and substance abuse services to individuals who are Medicaid eligible as the result of a disability and receive supplemental security income payments through the Department of Human Services. Individuals who do not meet the federal definition of disability may receive services either through the global waiver or the state only programs.

**Medical Benefits.** The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Behavioral Health will receive medical benefits, including physician and rehabilitation services, pharmacy benefits and hospital stays paid for through the Executive Office of Health and Human Services' budget in FY 2013.

**Community Mental Health Services - Medicaid Rehabilitation Option.** The Department requests \$64.3 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 not otherwise eligible under Medicaid. This is \$44,535 more than enacted; however, adds \$1.6 million in general revenues to adjust for both the Medicaid rate and the enhanced rate for services eligible for the health homes initiative. The program provides residential, community support and general outpatient services to the community mental health centers.

*The Governor recommends \$0.3 million less than requested from all sources, including \$3.1 million less from general revenues for treatment services. He includes additional general revenue savings of \$3.0 million from continuing to use the health home model for the treatment services. The Governor also includes savings of \$0.2 million, of which \$0.1 million is general revenues, from having providers charge third party payors for expenses before billing the state.*

**Substance Abuse Treatment Services – Medicaid Rehabilitation Option.** The Department requests \$6.0 million from all funds, \$0.4 million more than enacted for substance abuse treatment services provided through the Medicaid rehabilitation option, which allows the state to provide substance treatment services to Medicaid eligible individuals. This is also \$0.4 million more than the revised request and \$2.2 million, or 34.4 percent higher than treatment costs in FY 2011.

The Department spent \$6.1 million for FY 2007, \$5.9 million for FY 2008, \$4.4 million for FY 2009 and \$4.2 million in FY 2010 on the treatment services. *The Governor recommends funding as requested.*

**Other Community Mental Health Treatment Programs - Medicaid.** The Department requests \$0.1 million less from all sources for other Medicaid funded community mental health treatment programs for total funding of \$6.8 million in its FY 2013 request. The individuals are disabled consistent with the federal definition of a disability and eligible for Medicaid but not eligible for services through the rehabilitation option. The Department continues to assume the ability to leverage Medicaid through the global waiver. *The Governor recommends funding as requested.*

**Other Substance Abuse Treatment Services – Medicaid.** The Department requests \$3.4 million from all sources for other Medicaid funded substance abuse treatment services in its current services request. This is \$0.2 million more from general revenues and \$0.1 million more from federal funds. The Department has not provided its projected caseload or an explanation for the increases in expenses. *The Governor recommends funding as requested.*

**State Only Mental Health Treatment Services.** The Department requests \$1.2 million for state only mental health treatment services, \$0.6 million more than enacted for FY 2013. Services support individuals who are not eligible for Medicaid but can receive outpatient and residential treatment services. The Department has not reported what the expenses are for or how many clients are enrolled in these services. The Department's request is consistent with the revised budget. *The Governor recommends funding as requested.*

**State Only Substance Abuse Treatment Services.** The Department requests \$0.2 million less from general revenues for total funding of \$4.2 million for state only substance abuse treatment services in FY 2013. The Department's request is \$0.3 million more than its revised request; however, it has provided the necessary information explaining the decrease in services. Funding supports detoxification, adolescent residential services and prevention and training.

*The Governor assumes further savings of \$0.1 million from an initiative to provide substance abuse residential treatment services to the indigent and uninsured that are more recovery oriented and can be served in a less restrictive setting with appropriate supports.*

**Community Medical Assistance Drug Expenses.** The Department requests \$1.3 million for the community medical assistance drug program. This program pays the drug expenses for individuals who are not eligible for Medicaid because they are single and not disabled, not disabled or not eligible for medical benefits through the RIte Care program. The Department decreases expenses by \$23,563 from federal funds based on projected costs. *The Governor recommends funding as requested.*

**Methadone Maintenance Treatment Services.** The Department requests \$2.1 million from all sources including \$1.0 million from general revenues for methadone maintenance treatment services matched by Medicaid under the global waiver. The Department reduces federal funding by \$37,552 for the updated Medicaid rate, but it does not make a corresponding general revenue reduction.

*The Governor recommends total funding as requested; however, he shifts \$0.3 million in general revenue funded expenses to continue to leverage Medicaid through the health homes initiative with the federal government paying 90 percent of eligible expenses for two years.*

**Community Service Grants.** The Department requests the enacted level of \$241,175 from general revenues for the Department's six community service grants. *The Governor includes savings of \$54,266 from a 25.0 percent reduction to community service grants.*

**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 remain incarcerated from a lack of treatment beds. As of the January 13, 2011 report, there have been 740 assessments, 578 admissions with 363 completing treatment, 37 currently enrolled, 162 leaving the program and 187 waiting who are either waiting for placement, have sought alternative programming or have refused to enroll. *The Governor recommends funding as requested.*

**Food and Drug Administration – Tobacco Monitoring and Enforcement Grant.** The Department requests \$0.6 million from new federal funds for a tobacco monitoring and enforcement grant awarded through the Food and Drug Administration. This includes \$0.5 million for seven new positions starting in January 2012. The Department will monitor and enforce certain provisions of the 2009 federal Tobacco Control Act and its resulting rules and regulations. The contract requires the Department to

conduct two visits per year to approximately 1,400 retail outlets. *The Governor recommends funding as requested.*

**Transformation Transfer Initiative Grant.** The Department requests \$140,600 in newly awarded federal funds for the transformation transfer initiative grant for training and implementing the use of peer specialists in mental health treatment settings. The Rhode Island Community Mental Health Association has been awarded \$141,000 for the activities in FY 2012. *The Governor recommends funding as requested.*

**Substance Abuse Treatment Block Grant.** The Department requests \$6.4 million from federal substance abuse treatment block grant funds, which is \$131,212 less than enacted. Funding is awarded to community agencies to support local programs and the Department is in the process of providing the updated list of grantees. *The Governor recommends funding as requested.*

**State Epidemiological Outcome Workgroup Grant.** The Department requests \$239,000 from new federal funds for a state epidemiological outcome workgroup grant. Funding supports the coordination, collection and dissemination of data on substance abuse, mental health and protective factors. The Department is in the process of providing a copy of the grant award and a list of the award recipients. *The Governor recommends funding as requested.*

**Social Services Block Grant - Mental Health Treatment Services.** The Department requests \$1.7 million from federal funds, which is \$0.5 million more than enacted, to support mental health services through the social services block grant. Funding is awarded to the community mental health agencies and supports general outpatient and community support program activities for individuals who are not eligible for the services through the Medicaid rehabilitation option. *The Governor recommends funding as requested.*

**Drug Free Schools Grant.** The Department requests \$0.3 million less from federal funds for total funding of \$0.1 million to support the drug free schools program. The Department is in the process of providing the information for the grant award. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding the new positions, the Department requests \$3.7 million from all funds, \$0.4 million more than enacted for salaries and benefits to fully fund 30.0 positions in the Division of Behavioral Health. This restores turnover savings assumed in the enacted budget and includes retirement and other benefit adjustments based on Budget Office planning values. *The Governor recommends \$0.3 million less than requested, including \$0.2 million less from general revenues primarily for updated retirement rates.*

**All Other Operations.** Excluding all other adjustments in the behavioral health program, the Department requests \$228,547 from all sources for all other operations, which is \$51,291 more than enacted including \$23,397 more from general revenues in FY 2013. *The Governor recommends \$0.1 million more than requested from all sources but does not include added general revenues. He does add federal funds to reflect savings in retirement rate changes that can be used for operating expenses.*

## **Eleanor Slater Hospital**

**Hospital Census.** The state hospital is a 495 bed licensed facility comprised of two campuses: 306 licensed beds at the main Pastore campus in Cranston of which 156 are occupied and 189 licensed beds of which 123 are occupied at the Zambarano unit in Burrillville.

The FY 2013 budget of \$115.6 million, including \$54.1 million from general revenues is based on a census of 279 patients which is an annual cost per person of \$414,239 taking into account the capital plan funding. *The Governor recommends \$112.4 million, including \$50.6 million from general revenues.*

**Hospital Licensing Fee.** The enacted budget includes \$6.0 million from all sources to pay the 5.43 percent fee assessed on state and community hospitals' gross patient services revenue for the hospital year ending September 30, 2010, including \$2.3 million from general revenues in FY 2012. The enacted budget assumes state hospital revenues of \$110.0 million for the 2010 hospital year, which is incorrect. The actual 2010 revenues are \$106.8 million for a licensing fee of \$5.8 million, \$0.2 million less than enacted. The Department made this correction in its FY 2012 revised budget but not in the FY 2013 request. The Department only adjusted for the updated Medicaid rate. *The Governor recommends funding as requested.*

**Hospital Administrative Restricted Receipts.** The enacted budget includes restricted receipts from all non-third party payor receipts, including Medicare collected on behalf of patients at Eleanor Slater Hospital totaling \$3.1 million. The Department's request is \$0.7 million less than enacted for updated reimbursements. This is consistent with the revised request which provides for updated reimbursements using a corrected method to calculate the third party reimbursements.

*The Governor recommends \$0.1 million less than requested from restricted receipts. Since the restricted receipts support staffing expenses, he reduces costs to reflect the updated retirement rates; however, he does not shift the available restricted receipts to support other operating costs. The restricted receipts are available for use to support hospital costs.*

**Hospital Overtime Expenses.** The Department requests \$0.5 million less than enacted for total funding of \$1.9 million from all sources for overtime expenses in FY 2013. This is \$6.0 million less than the revised request and \$9.0 million less than overtime expenses for FY 2011. The Department reports an anticipated decrease in overtime expenses when it fills its current staffing vacancies. The Department's request for additional staffing is included in the next section. *The Governor recommends \$5,406 less than requested for overtime costs.*

**All Other Salaries and Benefits.** Excluding the overtime adjustments, the Department requests \$79.5 million from all sources, including \$41.6 million from general revenues for staffing at the state hospital. This is \$11.4 million more than enacted and includes updated benefit costs based on Budget Office planning values. The request also restores \$3.5 million in turnover savings assumed in the enacted budget funding 29 additional positions. The request also inadvertently eliminates \$0.8 million for holiday pay included in the enacted budget.

*The Governor recommends \$6.1 million less than requested, including \$3.2 million less from general revenues for hospital staffing primarily from retirement savings. He includes \$1.3 million in holiday pay with the exception of \$0.1 million in savings assumed from passage of Article 33 eliminating Election Day as a paid state holiday. He offset the holiday pay by increasing turnover by continuing to keep positions vacant.*

**Contracted Medical and Other Services.** In addition to the funding requested for the employees at the state hospital, the Department also requests \$6.7 million for various contracted services. This is

\$0.6 million less than enacted from all sources and funds medical personnel including physicians, nurses, speech and physical therapy and other rehabilitative services. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$7.7 million for all other operations, including \$5.0 million from general revenues. This is \$0.9 million more than enacted and includes \$0.6 million more for medical supplies and \$0.4 million more for pharmaceuticals.

*The Governor recommends \$2.5 million more than requested; he does not include the increase for pharmaceuticals. The Governor recommends \$2.9 million more from federal funds for unidentified operating expenses. As noted previously this is an incorrect adjustment since the retirement savings for staff at state hospital system are Medicaid funded.*

### **Hospital and Community System Support**

**Indirect Cost Recovery Rate.** The enacted budget assumes salary and benefit savings of \$435,237 from general revenues in the hospital and community support program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continues to assume the savings but has not yet applied for the rate.

As noted in the revised request, most federal grants allow for recovery of overhead costs in addition to direct administrative costs, through the application of a negotiated indirect cost rate. Current law mandates that all state agencies shall apply for the rate when it is allowed under the particular federal grant. As of January 1, 2012, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals has not applied for an indirect cost rate.

*The Governor recommends \$70,387 more than requested adding unidentified operating costs based on retirement savings. This appears to be in error since the Department has not yet received an approved indirect rate and there are no offsetting general revenue savings from the added restricted receipts.*

**Other Salaries and Benefits.** The Department requests \$2.7 million from general revenues, \$0.4 million more than enacted for all other salary and benefit costs for 25.0 positions. The request includes \$0.1 million in savings from leaving a position vacant and includes benefit adjustments based on Budget Office planning values. *The Governor recommends \$0.3 million less than requested, most of which is from updated retirement rates.*

**Operations.** The Department requests \$170,776 from general revenues which is \$30,278 more than enacted for operations in the home and community system support program. The request adds \$20,900 for contracted financial services which includes adding back \$11,979 in savings offered by the Department in its FY 2012 constrained budget request. *The Governor recommends \$11,529 less than requested.*

### **Central Management**

**Salaries and Benefits.** The Department requests \$1.0 million from all sources, including \$0.7 million from general revenues for staffing costs in central management. This is \$0.1 million more than enacted and fully funds seven positions with another position funded for the final six months of FY 2013. The request also includes adjustments for updated benefit rates. *The Governor recommends \$0.1 million less than requested primarily to reflect updated retirement rates.*

**Operations.** The Department requests \$128,180 from all sources for operating expenses in central management. This is \$7,618 more than enacted and adds \$3,000 for services provided to the Department of Corrections. *The Governor adds \$27,931 to the request to reflect savings in retirement rate changes from federal funds that can be used for operating expenses.*

## Office of the Child Advocate

	FY 2012		FY 2012		FY 2013		FY 2013
	Enacted		Revised		Request		Recommended
<b>Expenditures by Category</b>							
Salaries and Benefits	\$ 642,174	\$	562,588	\$	708,766	\$	641,545
Contracted Services	-		-		-		-
<b>Subtotal</b>	<b>\$ 642,174</b>	<b>\$</b>	<b>562,588</b>	<b>\$</b>	<b>708,766</b>	<b>\$</b>	<b>641,545</b>
Other State Operations	10,258		15,280		21,136		18,958
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		1,000		3,500		1,000
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
<b>Total</b>	<b>\$ 652,432</b>	<b>\$</b>	<b>578,868</b>	<b>\$</b>	<b>733,402</b>	<b>\$</b>	<b>661,503</b>
<b>Sources of Funds</b>							
General Revenue	\$ 603,384	\$	528,834	\$	683,368	\$	611,469
Federal Aid	49,048		50,034		50,034		50,034
Restricted Receipts	-		-		-		-
Other	-		-		-		-
<b>Total</b>	<b>\$ 652,432</b>	<b>\$</b>	<b>578,868</b>	<b>\$</b>	<b>733,402</b>	<b>\$</b>	<b>661,503</b>
<b>FTE Authorization</b>	<b>5.8</b>		<b>5.8</b>		<b>5.8</b>		<b>5.8</b>

**Summary.** The Office of the Child Advocate requests \$733,402 which is \$80,970 more than enacted from all funds. The request includes \$79,984 more from general revenues and \$986 more from federal funds. The request also includes 5.8 full-time equivalent positions. *The Governor recommends \$661,503 from all sources including \$611,469 from general revenues and \$50,034 from federal funds, and 5.8 positions.*

**Salaries and Benefits.** The Office requests \$708,766 for salaries and benefits for its 5.8 enacted positions. This is \$66,592 more than enacted, including \$65,305 from general revenues and \$1,287 more from federal funds. This reflects no turnover and includes updated benefit rates consistent with the Budget Office planning values. *The Governor recommends \$641,545. This is \$66,592 more than enacted, which is \$67,221 less than requested to reflect retirement changes and turnover savings from newly filled positions.*

**Professional Development and Placement Review.** The Office requests \$15,500 from general revenues which is \$11,000 more than enacted for travel and professional development. This includes \$2,000 for mileage, \$5,000 for out-of-state placement review and \$4,000 for professional development and conferences. The Office did not provide specific conferences that it planned on attending. *The Governor recommends \$5,300 less than requested from all sources, which includes \$4,500 less than requested for travel and placement review and \$2,500 less for mileage and staff training.*

**Other Operating.** The Office requests \$9,136 which is \$3,378 more than enacted from all funds for other operating costs and equipment. The increase primarily reflects leasing a new copier and replacing two computers that are more than five years old. This is consistent with the Office's plans in the revised request to replace four computers. *The Governor recommends \$16,958 from all funds including \$2,070 more from general revenues and \$1,930 more from federal funds for other operating costs. This is \$622 more than the request to reflect federal funds available from a lower retirement rate.*

## Commission on the Deaf and Hard of Hearing

		FY 2012 Enacted		FY 2012 Revised		FY 2013 Request		FY 2013 Recommended
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	330,855	\$	323,433	\$	356,967	\$	329,012
Contracted Services		48,950		49,400		51,634		51,634
<b>Subtotal</b>	<b>\$</b>	<b>379,805</b>	<b>\$</b>	<b>372,833</b>	<b>\$</b>	<b>408,601</b>	<b>\$</b>	<b>380,646</b>
Other State Operations		8,180		10,336		10,005		9,605
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		-		-		-		-
Capital		-		3,117		500		-
Capital Debt Service		-		-		-		-
Operating Transfers		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>387,985</b>	<b>\$</b>	<b>386,286</b>	<b>\$</b>	<b>419,106</b>	<b>\$</b>	<b>390,251</b>
<b>Sources of Funds</b>								
General Revenue	\$	387,985	\$	386,286	\$	419,106	\$	390,251
Federal Aid		-		-		-		-
Restricted Receipts		-		-		-		-
Other		-		-		-		-
<b>Total</b>	<b>\$</b>	<b>387,985</b>	<b>\$</b>	<b>386,286</b>	<b>\$</b>	<b>419,106</b>	<b>\$</b>	<b>390,251</b>
<b>FTE Authorization</b>		<b>3.0</b>		<b>3.0</b>		<b>3.0</b>		<b>3.0</b>

**Summary.** The Commission on the Deaf and Hard of Hearing requests \$419,106, which is \$31,121 more than enacted and is consistent with the current service target provided by the Budget Office. The Commission also requests the current authorized level of 3.0 positions. *The Governor recommends \$390,251 from general revenues, which is \$2,266 more than enacted and \$28,855 less than requested. The Governor recommends 3.0 full-time equivalent positions.*

**Salaries and Benefits.** The Commission requests \$356,967 for salaries and benefits, which is \$26,112 more than enacted for 3.0 positions. This includes adjustments that are consistent with the Budget Office's updated benefit rates for medical, assessed fringe and retirement. Consistent with its revised request, the Commission adjusts salaries and benefits by \$5,231 to reflect the elimination of future longevity and a one-time training bonus for the director. *The Governor recommends \$27,955 less than requested, essentially reflecting updated retirement rates.*

**Computer Aided Real Time Translation and Interpreter Services.** The Commission requests \$51,634 from general revenues for Computer Aided Real Time Translation and emergency interpreter services. This is \$2,684 more than enacted to allow the Commission to fill vacant shifts for emergency on-call translators and interpreters. The Commission has underspent general revenues intended for these services since FY 2009 and reports that it has not received complaints from constituents regarding the availability. *The Governor recommends funding as requested.*

**All Other Operating.** The Commission requests \$4,109 more than enacted from general revenues for all other operating costs, including the registration costs for attending two conferences in Kentucky, computer software for new computers acquired in September 2011, and other operating costs associated with client services and education. Funding for the computers and software were not included in the enacted budget but the Commission purchased computers with funds that had not been taken out from the budget when longevity increases were eliminated. *The Governor recommends \$1,784 less than requested. He does not recommend additional funding for the software.*

## Governor's Commission on Disabilities

	FY 2012		FY 2012		FY 2013		FY 2013
	Enacted		Revised		Request		Recommended
<b>Expenditures by Category</b>							
Salaries and Benefits	\$ 409,793	\$	408,164	\$	451,938	\$	395,384
Contracted Services	9,652		6,747		7,770		7,773
<b>Subtotal</b>	<b>\$ 419,445</b>	<b>\$</b>	<b>414,911</b>	<b>\$</b>	<b>459,708</b>	<b>\$</b>	<b>403,157</b>
Other State Operations	24,812		35,149		35,647		40,500
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	133,754		67,894		60,754		60,754
Capital	251,881		253,881		251,881		251,881
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
<b>Total</b>	<b>\$ 829,892</b>	<b>\$</b>	<b>771,835</b>	<b>\$</b>	<b>807,990</b>	<b>\$</b>	<b>756,292</b>
<b>Sources of Funds</b>							
General Revenue	\$ 388,786	\$	387,929	\$	422,794	\$	371,096
Federal Aid	181,842		122,546		125,502		125,502
Restricted Receipts	9,264		11,360		9,694		250,000
Other	250,000		250,000		250,000		9,694
<b>Total</b>	<b>\$ 829,892</b>	<b>\$</b>	<b>771,835</b>	<b>\$</b>	<b>807,990</b>	<b>\$</b>	<b>756,292</b>
<b>FTE Authorization</b>	<b>4.0</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>

**Summary.** The Governor's Commission on Disabilities requests for \$807,990, which is \$21,902 less than enacted from all sources. The request includes \$34,008 more from general revenues, \$56,340 less from federal funds, \$430 more from restricted receipts and the enacted level of Rhode Island Capital Plan funds and 4.0 positions. *The Governor recommends \$756,292 which is \$73,600 less than enacted, including \$17,690 less from general revenues, and the enacted 4.0 full-time equivalent positions.*

**Salaries and Benefits.** The Commission's request includes \$451,938 from all sources for salaries and benefits, including \$32,173 more from general revenues and \$9,414 more from federal funds. This includes an increase of \$34,011 to reflect statewide benefit adjustments consistent with Budget Office planning values. This also includes a step increase for one of the Americans with Disabilities Act assistant coordinators. The Commission does not assume any turnover savings, which is consistent with the enacted budget. *The Governor recommends \$56,554 less than the agency's request to reflect updated retirement rates.*

**Contracted Services.** The Commission requests \$7,770 which is \$1,882 less than enacted from all sources for contracted services. This includes \$185 more from general revenues, \$2,471 less from federal funds and \$1 less from restricted receipts. The request reduces interpreters by \$5,208 which is consistent with the revised request. Also consistent with the revised request, the budget includes \$2,486 for cleaning services. *The Governor recommends funding essentially as requested.*

**HAVA Grant Awards.** The Commission requests \$50,404 which is \$73,000 less than enacted from federal Help America Vote Act funds. Funding supports improved voter access, education, and transportation to polling places for individuals with disabilities. The FY 2013 request leaves a balance of \$203,190 from Help America Vote Act funds that can be spent at the Commission's discretion through April 2016. *The Governor recommends funding as requested.*

**Mary Brennan Fellowship.** The Commission requests the enacted level of \$10,350 from general revenues for the Mary Brennan Fellowship. The Commission provides three college students with disabilities a semester-long, part-time placement with the Commission during which students work on disability policy and research. Students must be attending in-state colleges and universities. *The Governor recommends funding as requested.*

**Other Operations.** The Commission requests \$35,647, which is \$10,835 more than enacted from all sources for all other Commission operations. This includes \$1,092 more from general revenues, \$9,717 more from federal funds and \$26 more from restricted receipts. The Commission requests \$15,219 which is \$8,200 more than enacted to print and produce literature packets related to the November 2012 general election. *The Governor recommends funding as requested and includes \$4,853 from non-general revenue retirement savings for unidentified operating expenses.*

**Accessibility Capital Project.** The Commission requests the enacted level of \$250,000 from Rhode Island Capital Plan funds for accessibility renovations to state-owned facilities. This includes \$222,750 for construction, \$24,750 for architects and engineers, and \$2,500 for a Rhode Island State Council on the Arts public arts project. The Commission plans to continue renovations to facilities at the Department of Environmental Management, the University of Rhode Island, and install an elevator at the Groden Center. *The Governor recommends funding as requested.*

## Office of the Mental Health Advocate

	FY 2012		FY 2012		FY 2013		FY 2013
	Enacted		Revised		Request		Recommended
<b>Expenditures by Category</b>							
Salaries and Benefits	\$ 457,606	\$	398,491	\$	496,264	\$	434,239
Contracted Services	1,800		3,600		1,800		1,800
<b>Subtotal</b>	<b>\$ 459,406</b>	<b>\$</b>	<b>402,091</b>	<b>\$</b>	<b>498,064</b>	<b>\$</b>	<b>436,039</b>
Other State Operations	9,312		11,081		12,055		11,080
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
<b>Total</b>	<b>\$ 468,718</b>	<b>\$</b>	<b>413,172</b>	<b>\$</b>	<b>510,119</b>	<b>\$</b>	<b>447,119</b>
<b>Sources of Funds</b>							
General Revenue	\$ 468,718	\$	413,172	\$	510,119	\$	447,119
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
<b>Total</b>	<b>\$ 468,718</b>	<b>\$</b>	<b>413,172</b>	<b>\$</b>	<b>510,119</b>	<b>\$</b>	<b>447,119</b>
<b>FTE Authorization</b>	<b>3.7</b>		<b>3.7</b>		<b>3.7</b>		<b>3.7</b>

**Summary.** The Office of the Mental Health Advocate requests \$510,119 from general revenues, \$41,401 more than enacted for adjustments to salaries and benefits consistent with Budget Office planning values and other operating adjustments. *The Governor recommends \$447,119 and the enacted level of 3.7 positions. This is \$21,599 more than enacted, \$63,000 less than requested.*

**Salaries and Benefits.** The Office requests \$496,264 for salary and benefit expenses, or \$38,658 more than enacted, to fully fund its current level of 3.7 positions. The request includes adjustments consistent with Budget Office planning values. It also includes savings from filling a vacant position in FY 2013 at a lower cost commensurate with the new hire's salary and benefit choice. *The Governor recommends \$23,367 less than enacted and \$62,025 less than requested. He assumes filling the mental health advocate's position, for a new five year term, at a salary lower than the office's request and includes updated retirement rates.*

**Other Operations.** The Office requests \$13,855 from general revenues for all other operations. This is \$2,743 more than enacted and includes the enacted level of \$1,800 for various contracted psychiatric evaluations, transcriptions services for court cases and interpreter services. Consistent with the revised request, the office backfills the operating savings assumed in its FY 2012 budget and provides additional funding for mileage reimbursement, parking and toll costs. *The Governor's recommendation is \$975 less than requested. Consistent with his revised recommendation, he does not include additional funding for mileage and other in state travel costs.*



## Department of Elementary and Secondary Education

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
State Aid	\$ 643,245,863	\$ 642,952,658	\$ 703,382,442	\$ 709,367,453
School Housing Aid	72,507,180	69,776,010	75,007,180	74,568,906
Teachers' Retirement	81,635,719	84,113,207	134,665,955	78,219,694
RI School for the Deaf	6,816,209	7,183,194	7,655,292	7,031,850
Central Falls School District	40,434,840	39,161,820	39,442,422	39,413,322
Davies Career & Technical School	17,771,803	19,260,376	17,411,551	17,330,152
Metropolitan Career & Technical School	13,642,563	14,575,768	18,593,804	16,035,032
Administration	257,830,174	275,146,663	251,398,568	253,069,572
<b>Total</b>	<b>\$1,133,884,351</b>	<b>\$1,152,169,696</b>	<b>\$1,247,557,214</b>	<b>\$1,195,035,981</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 38,630,606	\$ 39,010,803	\$ 40,907,021	\$ 40,749,464
Contracted Services	45,393,776	57,193,249	56,611,040	57,633,418
<b>Subtotal</b>	<b>\$ 84,024,382</b>	<b>\$ 96,204,052</b>	<b>\$ 97,518,061</b>	<b>\$ 98,382,882</b>
Other State Operations	11,481,786	12,375,173	12,407,739	13,285,355
Aid to Local Units of Government	1,009,034,735	1,015,109,322	1,108,957,550	1,058,592,505
Assistance, Grants, and Benefits	22,945,222	18,908,020	18,870,807	18,316,890
Capital	6,398,226	9,573,129	9,803,057	6,458,349
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$1,133,884,351</b>	<b>\$1,152,169,696</b>	<b>\$1,247,557,214</b>	<b>\$1,195,035,981</b>
<b>Sources of Funds</b>				
General Revenue	\$ 863,077,600	\$ 862,751,244	\$ 985,833,891	\$ 932,077,872
Federal Aid	238,146,015	252,818,424	226,516,382	230,005,233
Restricted Receipts	26,334,421	27,031,218	25,341,335	26,501,653
Other	6,326,315	9,568,810	9,865,606	6,451,223
<b>Total</b>	<b>\$1,133,884,351</b>	<b>\$1,152,169,696</b>	<b>\$1,247,557,214</b>	<b>\$1,195,035,981</b>
<b>FTE Authorization</b>				
Administration	156.4	169.4	156.4	169.4
Davies	132.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>348.4</b>	<b>355.4</b>	<b>342.4</b>	<b>355.4</b>

**Summary.** The Board of Regents requests \$1,247.6 million from all sources of funds and 342.4 full-time equivalent positions. The staffing request is 6.0 positions less than enacted to reflect the transfer of 6.0 school based coordinators from the Davies Career and Technical School to local districts. General revenues total \$985.8 million, which is \$122.8 million over the FY 2012 enacted level.

The 2010 Assembly adopted a new funding formula to be effective with the FY 2012 budget; FY 2013 is the second year of the funding formula. This formula distributes aid to all districts, charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the money follows the student and includes a core instruction amount per pupil that every student will receive, a single poverty weight as a proxy for student supports, and a new state share ratio that considers the district's ability to generate revenues and its poverty concentration. No minimum share is used in the formula.

The formula also allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. These are discussed in the paragraphs below. Group home aid will continue to be paid pursuant to current law, in addition to aid paid through the new funding formula.

The Regents request \$226.5 million in federal spending, which is \$11.6 million less than the enacted budget and reflects the end of stimulus and education jobs funding. The budget request also includes \$25.3 million from restricted receipts, \$9.6 million from Rhode Island Capital Plan funds and \$0.2 million from duties paid by auctioneers.

*The Governor recommends \$1,195.0 million, which is \$61.2 million more than enacted and \$52.4 million less than requested. He recommends \$932.1 million from general revenues, which is \$69.0 million more than enacted and \$53.8 million less than requested. He fully funds the second year of the funding formula adopted by the 2010 Assembly and adds \$11.0 million to accelerate the phase in of funding to underfunded districts. He also assumes use of \$0.5 million from federal Education Jobs funds that districts will receive during FY 2012 in lieu of general revenues. The general revenue recommendation is \$43.3 million less than Budget Office current services target calculation largely because of the reduction in the state share of teacher retirement costs.*

*Federal funds are \$3.5 million more than enacted. Restricted receipts are \$1.2 million more than enacted and Rhode Island Capital Plan funds are \$3.4 million less than enacted. He recommends 355.4 positions which include 13.0 new full-time equivalent positions in FY 2012 and FY 2013 to be funded from new federal Race to the Top – Early Childhood Learning funds. The new positions are time-limited for the four years that the grant funding will be available. The Governor also recommends reducing Davies' Career and Technical School's authorization by 6.0 to reflect the 6.0 school-based coordinators that were transferred to the districts during FY 2011.*

**Funding Formula Distribution.** The Regents request \$663.5 million for state aid to local school districts, not including Central Falls School District and the Met School. This represents the second year of funding under the new education funding formula adopted by the 2010 Assembly. The request is \$53.3 million more than the enacted level and includes \$28.7 million from general revenues to backfill a loss of education jobs funds and \$24.6 million for aid under the formula based on updated data including enrollment and poverty. This is \$1.8 million more than the Budget Office current service calculation.

In its calculations the Budget Office included \$28.7 million from general revenues to backfill education jobs funds and \$22.8 million for aid under the new formula. The original budget targets used the data from the FY 2012 enacted calculations. The Department updated the calculations to use March 14, 2011 student data adjusted for projected migration to charter and state schools in the 2011-12 and 2012-13 school years. This required \$1.8 million more than provided in the target calculation.

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

The formula also allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. These are discussed in the paragraphs that follow. Group home aid will continue to be paid pursuant to current law, in addition to aid paid through the new funding formula.

The legislation requires that the core instruction amount be updated annually. Using the next year of available National Center for Education Statistics (NCES) data, the core instruction amount increases from \$8,333 to \$8,679 which is 4.2 percent. In addition, the state share ratio variables were updated to June 30, 2011 data.

The Regents budget assumes the same ten year transition plan used in the FY 2012 enacted budget; however, the number of years is adjusted by one year to reflect the second year of the funding formula. Therefore, overfunded districts will have a level decrease over a nine year period while underfunded districts will have a level increase over a six year period. In addition, the Regents transition plan assumes that funding for charter school growth will be funded in full in the year of growth.

*The Governor recommends fully funding the second year of the formula. He adds \$11.0 million to accelerate the phase in of aid to districts that will receive more state funding. His budget uses \$0.5 million from federal Education Jobs funds that districts will receive in FY 2012 in lieu of a like amount from general revenue. The calculations and distributions by district, charter and state school are located in the Education Aid report in the Special Reports section of this analysis.*

**Central Falls School District.** The budget includes \$39.4 million from general revenues to support the Central Falls School District for FY 2013. This reflects the removal of \$0.2 million from the Permanent School Fund that the Department wishes to redirect to other low performing districts, including Central Falls, and the second year of funding pursuant to the funding formula. The legislation includes a transition fund to stabilize the Central Falls school district until the city can begin paying its local share. For FY 2013, the request does not assume stabilization funds.

The enacted budget includes \$0.2 million from the Permanent School Fund. This is money received into the Permanent School Fund from duties paid to the state by auctioneers. The Regents' FY 2013 request proposes to eliminate the permanent school fund allocation to the Central Falls School District only. The Department has indicated that Central Falls' education aid should only be determined through funding formula calculations. The formula strives to fund the students' needs and treat every local educational agency equally. Its argument is that therefore, it does not make sense for one district to continue to receive an allocation outside of the formula calculation.

*The Governor reduces general revenues by \$29,100 which is the amount of additional federal Education Jobs funds that Central Falls will receive in FY 2012.*

**Metropolitan Career and Technical School.** The budget includes \$11.6 million for the operation of the Metropolitan Career and Technical School for FY 2013. This is \$32,092 less from general revenues for the second year of the new education funding formula. The Met School is funded pursuant to the new funding formula with the state paying a state share for each student and the sending districts contributing a local share. The request assumes that the Met School will receive \$5.7 million from districts that send students to the Met School once the formula is completely phased in. The state reductions are expected to be transitioned over ten years while the local changes are expected to be transitioned over five years.

*The Governor reduces general revenues by \$8,772 which is the amount of additional federal Education Jobs funds that the Met School will receive in FY 2012.*

**Career and Technical Education Categorical Funding.** The Regents request \$3.0 million for career and technical education categorical funding for FY 2013. The formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding will be used to help transform existing programs or create new programs and to help offset costs associated with facilities, equipment maintenance and repairs and supplies. The Department of Elementary and Secondary Education will recommend criteria for the purpose of allocating funds provided by the Assembly each year and shall prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor recommends funding as requested.*

**Early Childhood Categorical Funding.** The Regents request \$1.5 million for early childhood categorical funding as part of the education funding formula. The formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding will be used to increase access to voluntary, free, high-quality pre-kindergarten programs. This pilot program began in FY 2010 with \$700,000. The Assembly did not fund this program for FY 2012 and removed the \$700,000. The funding formula expands the original initiative by requesting an additional \$750,000.

The Board of Regents promulgated early childhood program standards in January 2010. Any program funded under this categorical fund must meet the requirements of the new regulations. *The Governor recommends funding as requested.*

**High Cost Special Education.** The Regents request \$0.5 million for high cost special education students as part of the new education funding formula. The formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state will assume the costs related to high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The last data collection was in May 2011. At that point, the total was \$7.6 million. *The Governor recommends funding as requested.*

**Regionalization Bonus Categorical Funding.** The Regents request \$0.4 million for the regionalization bonus, \$0.4 million less than enacted based on current law requirements. The formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state will provide a limited two-year bonus for regionalized districts. The bonus in the first year shall be 2.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. The second year bonus shall be 1.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. Districts that are already regionalized will receive the payments in FY 2012 and 2013 and any districts that regionalize in the future will receive the payments starting in the year after they regionalize. *The Governor recommends funding as requested.*

**Transportation Categorical Funding.** The Regents request \$1.1 million for transportation categorical funding. The formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The state will provide funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. The state will share in the cost associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures. The Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. *The Governor recommends funding as requested.*

**Group Home Aid.** The Regents request the enacted amount of \$8.6 million to fund beds for communities hosting group homes. 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 uses the count of beds that are open as of December 31 for the budget year's aid. Group home aid will continue to be funded this way, in addition to aid paid through the new funding formula.

The budget was submitted before the final group home bed count was submitted by the Department of Children, Youth and Families to the Department. That data reflects savings of \$420,000 based on 537 beds for FY 2013. *The Governor's budget includes the \$420,000 in savings.*

**Teachers' Retirement.** The Regents request \$134.7 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of \$53.0 million to the FY 2012 enacted level based on FY 2013 planning values. 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 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 state pays 40.0 percent of the employer's share. For FY 2013 that rate was projected to be 14.27 percent or 57 percent higher than FY 2012.

The General Assembly adopted the Rhode Island Retirement Security Act of 2011 contained in House Bill 6319 on November 17. Based on the adopted changes, the FY 2013 state rate will be 8.27 percent

and the estimated state contribution will be \$78.1 million or \$5.9 million less than the FY 2012 state contribution and \$56.6 million less than requested.

*The Governor recommends \$78.2 million, which is \$3.4 million less than enacted based on revised employer contribution rates.*

**School Housing Aid.** The Regents request \$75.0 million from general revenues for school housing aid. This is \$2.5 million more than the FY 2012 enacted level, consistent with the Budget Office target, and assumes that East Greenwich, Providence and Westerly all complete major projects by June 30 in order to be eligible for FY 2013 aid. The Department calculates the actual costs for FY 2013 at the close of FY 2012 because reimbursement begins after projects have been completed. 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 education funding formula legislation adopted by the 2010 Assembly includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2010. For FY 2012, the minimum was 35.0 percent. The 2011 Assembly instituted a three-year moratorium on the approval of new school housing aid projects with exception for projects necessitated by health and safety reasons effective July 1, 2011.

*The Governor's recommendation is \$0.4 million less than requested based on the Governor's proposal to roll back the minimum share for new projects to 35.0 percent.*

*The Governor also proposes legislation to set the state reimbursement for charter school construction projects at the three year weighted average share ratio of the sending district. Unless sponsored by a school district, charter schools are currently eligible for a 30.0 percent reimbursement. There is no impact on the FY 2013 budget.*

**Progressive Support and Intervention.** The Regents request \$2.7 million from general revenues for support of reform efforts in selected school districts as part of the progressive support and intervention program. The 2011 Assembly eliminated the general revenue support for these activities in the FY 2012 budget as they are now funded through federal Race to the Top funds. The Department requests the restoration of general revenues; it indicates that the Race to the Top money has already been obligated for specific purposes.

[Staff Note: As of the budget request submission, the Department had only filled 17.0 of the 22.0 new positions funded from Race to the Top funds. By December 3, the Department filled another position for a total of 18.0. It appears that there might be turnover savings that the Department could allocate to progressive support and intervention activities.]

*The Governor does not recommend restoring the funding.*

**School Breakfast.** The Regents request the enacted level of \$270,000 for the administrative cost reimbursement to districts for the school breakfast program. Food is paid from federal sources. The 2005 Assembly passed legislation that would provide a per breakfast subsidy, subject to appropriation, to school districts 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. *The Governor recommends removing the*

*\$270,000 and he recommends legislation that removes the requirement for a state appropriation. The requirement to provide the breakfast program would not change.*

**Textbook Reimbursement.** The Regents recommend the enacted level of \$240,000 from general revenues for textbook reimbursement. 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 12<sup>th</sup> grade. *The Governor recommends eliminating the requirement that the state reimburse certain costs allowed under the textbook loan program for savings of \$240,000. The requirement for districts to provide the textbooks would not change.*

**Permanent School Fund.** The enacted budget includes \$0.2 million from the Permanent School Fund for the Central Falls School District. This is money received into the Permanent School Fund from duties paid to the state by auctioneers. The Department requests that the \$183,624 be shifted to education aid; therefore, all persistently lowest achieving districts may be eligible for some funding. This is consistent with the FY 2012 revised request. *The Governor recommends funding as requested.*

**Statewide Transportation System.** The Regents request \$17.3 million from restricted receipts to fund the statewide transportation system, which is \$0.6 million more than the enacted budget. This reflects a 3.9 percent cost escalator. The contract includes an automatic consumer price index increase of not less than 1 percent and not more than 4 percent. FY 2012 is the final year of the initial three-year contract. The Department is currently negotiating a new contract.

The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students. Districts will reimburse the state for its share of the cost, offsetting this expenditure. All fees paid for transportation services under the statewide system are paid into this new restricted receipt account.

The 2010 Assembly created a restricted receipt account as part of the FY 2010 revised budget and exempted it from the 10.0 percent indirect cost recovery. The legislation allows the Commissioner of Elementary and Secondary Education to grant a variance to the requirement for the purchase of transportation services through the statewide transportation system for non-public and non-shared routes if an alternative system is more cost effective. The Department has indicated that some districts are able to transport their non-public students at a cheaper cost than through the statewide system. *The Governor recommends funding as requested.*

**Education Telecommunication Access Fund.** The Department requests an increase of \$1.0 million from general revenues for the education telecommunications access fund for total general revenue funding of \$1,350,000 and total program funding of \$3.0 million. 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. This proposed increase will support the purchase of greater bandwidth through the contracted internet service providers.

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 2010 Assembly provided \$350,000 from general revenues to support this program for FY 2011. The 2011 Assembly provided \$350,000 from

general revenues to support this program for FY 2012. For both FY 2011 and FY 2012 the Governor had proposed increasing the assessment on wireless lines in lieu of general revenue support.

*The Governor recommends legislation to reduce the assessment from \$0.26 to \$0.15 per line effective July 1, 2012 and expand it to include wireless lines. This is expected to generate \$0.7 million in new restricted receipts for use in the program to substitute for the enacted level \$350,000 from general revenues.*

**State Fiscal Stabilization Funds.** The budget reflects the elimination of state fiscal stabilization funds for FY 2013 based on the end of the federal stimulus grant. The American Recovery and Reinvestment Act of 2009 included an allocation for elementary and secondary education of \$107.6 million out of the \$134.9 million available for Rhode Island. FY 2011 was the third and final year of funding with available remaining funds being used in FY 2012. *The Governor recommends funding as requested.*

**HRIC Adult Education Grants.** The Regents request \$2.3 million from general revenues in lieu of a like amount from Human Resource Investment Council funds for adult education grants which reverses the 2011 Assembly's action. The 2011 Assembly enacted an additional \$2.3 million from Human Resource Investment Council funds in lieu of a like amount from general revenues. This request would provide \$3.5 million from Human Resource Investment Council funds for FY 2013 and total program funding of \$5.8 million consistent with the enacted budget.

It should be noted that the appropriations act lists this grant as a line in the budget. The 2005 Assembly consolidated the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new executive director. *The Governor recommends an additional \$2.0 million from general revenues in lieu of \$2.3 million from Human Resource Investment Council funds.*

**Uniform Chart of Accounts Consultant.** The FY 2013 request includes a reduction of \$100,000 from general revenues for the uniform chart of accounts initiative for total funding of \$150,000 for FY 2013. New districts began using the new chart on July 1, 2009 and the system is almost fully implemented.

*The Governor recommends funding as requested. He recommends legislation that requires the new uniform chart of accounts to include a standardized budget process and requires that all districts, state schools and charter schools implement a budget model approved by the Regents and utilize best practices established by the Department.*

**Science Kits (KITES).** The Regents request the enacted level of \$98,000 for the KITES (kits in teaching elementary science) kits. The KITES kits provide teachers with instructional science units that include hands-on tasks for students to build their knowledge and skills. *The Governor recommends removing the \$98,000.*

**Perkins School Tuition.** 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 Department 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. The enacted budget includes \$0.3 million for three students to attend the Perkins School for the Blind. These students will graduate in FY 2012.

*The Governor removes the \$0.3 million for FY 2013 and recommends legislation that eliminates the ability of parents to apply to the Department to appoint the child to attend any suitable institution or*

*school. The Governor intends that the special education categorical funding for which he recommends \$0.5 million will be a resource for local districts to pay these expenses.*

**Community Service Grants.** The enacted budget includes \$0.6 million for approximately 50 community service grants to community organizations. *The Governor recommends reducing all community service grants by 25.0 percent for savings of \$160,917.*

**Race to the Top – Early Childhood.** In December 2011, the state was awarded \$50.0 million to be used to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor recommends \$4.4 million for FY 2013 and 13.0 new positions.*

**Race To The Top.** The Regents request \$24.0 million to work on education reforms funded by the Race to the Top grant. This is \$3.8 million more than enacted. On August 24, 2010, Rhode Island was notified it would be awarded Race to the Top grant funds. The Department's total award of \$75.0 million will be spent over the next four years. A requirement of the award is that 50.0 percent of funds must be used directly for work in local districts; most of the remaining funds will be used for consultants and new full-time equivalent positions. *The Governor recommends an additional \$0.2 million based on anticipated expenditures.*

**Education Jobs Fund.** The Regents request \$3.3 million from federal education jobs funds for FY 2013. This is \$1.8 million less than included in the FY 2012 enacted budget and anticipates approximately \$1.0 million in carry forward funds from FY 2012. The state has been awarded \$32.9 million in federal Education Jobs funds to retain and rehire school-based personnel in local education agencies. Funding was distributed to districts based on their share of FY 2011 enacted state aid. The money can only be used for compensation costs for school-based personnel. The funds were intended to be used in the 2010-2011 school year; however, funds are available through September 30, 2012. The FY 2012 education aid budget used \$32.0 million from education jobs funds that appeared in the FY 2011 budget in lieu of a like amount from general revenues.

*The Governor recommends \$1.0 million less than requested to reflect the anticipated grant awards for FY 2013. It should be noted, the Governor's education aid proposal uses \$0.5 million from Education Jobs funds that districts will receive in FY 2012 in lieu of a like amount of general revenues in FY 2013.*

**Stimulus Grants.** The FY 2013 request includes \$8.2 million less from federal stimulus funds for distribution to local school districts including Title I and special education funds. This represents the last year stimulus funding will be available. All funds must be encumbered by September 30, 2012.

On February 17, 2009, 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 recommends \$6,101 more than requested.*

**Nutrition Grants.** The Regents request authorization to spend \$46.3 million from federal nutrition program funds for FY 2013. This is \$0.2 million more than the enacted level to reflect an increased estimate of meal participation and breakfast being offered in more schools. *The Governor recommends \$54,100 more than requested.*

**Special Education Grants.** The Regents request authorization to spend \$45.1 million, \$1.1 million more than enacted, from federal special education funds to reflect available carry forward funds. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommends \$0.1 million more than requested.*

**Title I Grants.** The Regents request \$51.2 million in federal fund expenditures from Title I funds for FY 2013. This is \$1.0 million less than the enacted level based on a revised grant award. Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. *The Governor recommends \$51,239 more than requested.*

**Vocational Education Grants.** The Regents request \$6.1 million from federal vocational education grants for FY 2013. This is \$0.2 million more than the FY 2012 level. These funds are used to improve vocational educational programs throughout the state. *The Governor recommends \$53,168 more than requested.*

**Teacher Quality/Professional Development Grants.** The Regents request \$13.9 million from federal funds that support teacher quality and professional development for FY 2013. This is \$2.5 million less than enacted based on the federal program budget reduction. *The Governor recommends \$30,351 more than requested.*

**Charter School Grants.** The request reflects \$4.1 million from a federal program that began in FY 2011. This is \$1.0 million more than enacted to reflect available carry forward funds. This program provides financial assistance for the planning, program design, and initial implementation of charter schools. These competitive grants are available to states that have charter school laws. The Department will make subgrants to developers of charter schools who have applied for a charter.

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. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters shall be reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 16 charter schools.

Achievement First has an application before the Department to open two schools in Providence. At its February 2 meeting, the Regents granted preliminary approval for further planning and development toward a 2013-2014 school year opening contingent upon final approval to operate by the Board of Regents. Because this school received preliminary approval, it is eligible for these federal funds. *The Governor recommends funding as requested and his budget assumes that no new schools will open during the 2012-2013 school year.*

**Salaries and Benefits.** The Department's budget includes \$21.3 million for salaries and benefits for the Department's 156.4 administrative positions. This is an increase of \$2.2 million from all funds including an additional \$1.5 million from general revenues. The majority of the increase, \$1.7 million, is for retirement costs based on Budget Office planning values. The request also includes turnover savings of \$0.4 million which is \$0.2 million less than enacted turnover. Based on an average cost per position of \$132,124, this equates to 3.0 vacant positions.

*The Governor recommends \$1.7 million less than requested including \$1.0 million less from general revenues, nearly all of which reflects the change in employer retirement rates.*

**Met School Capital.** The Regents request an additional \$5.0 million from Rhode Island Capital Plan funds for capital projects at the Met School based on revised project estimates and construction schedules. This includes \$0.8 million more for a new HVAC project, \$150,000 for asset protection projects and \$4.0 million more for the East Bay Campus project.

*The Governor's recommendation is \$2.6 million less than requested. He does not recommend funding asset protection projects and reduces funding for the East Bay Campus project by \$2.4 million and shifts it to FY 2014. These projects are discussed in greater detail in the Capital Budget Section of this analysis.*

**Other Capital.** The Regents request \$1.1 million from Rhode Island Capital Plan funds for FY 2013 for capital projects at the state's career and technical centers. This is \$1.8 million less than enacted and includes work at the Cranston, Warwick, Woonsocket and Newport centers. The state is making significant repairs and renovations at the career and technical centers for the districts to consider taking ownership of the facilities. *The Governor recommends funding as requested. These projects are discussed in greater detail in the Capital Budget Section of this analysis.*

**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 increase of \$0.5 million, including a decrease of \$75,000 from general revenues. Federal funds for all other grants, not noted previously, increase \$0.6 million above funding from the same grants included in the enacted budget. Most of the changes reflect adjustments for carry-forward funds and actual grant awards.

*The Governor recommends \$0.4 million more than requested including \$0.1 million less from general revenues. Of the \$0.3 million increase in federal funds, \$0.2 million reflects new federal funding to support the Partnership for Assessment of Readiness for College and Careers. This 26 state partnership is working to design an assessment system aligned to common core state standards in English language arts and math. Rhode Island is one of 11 governing states that are leading this effort.*

### **Davies Career and Technical School**

**Staffing.** The Regents request authorization for 126.0 full-time equivalent positions for FY 2013, consistent with the revised request. The request eliminates 6.0 full-time equivalent positions to reflect the 6.0 school-based coordinators that were transferred to the districts during FY 2011. These positions were funded from federal Perkins grant funding and were state employees. The employees are now district employees. *The Governor reduces the authorization by 6.0 positions as requested.*

**Funding Formula Adjustment.** Beginning with FY 2012, Davies falls under the new education funding formula and its state aid is determined by the funding formula calculation just as any other LEA would. FY 2013 is the second year of the funding formula. At the same time it will receive a local share of funding from the individual districts that send students to the school. These will flow into a restricted receipt account, which will partially offset the loss of state aid. These dollars are also determined by the funding formula.

The Regents request \$15.9 million from all sources to fund the second year of the funding formula. This is \$0.4 million less than enacted including \$5,802 less from general revenues which reflects the restoration of eliminated federal education jobs funds. The FY 2012 enacted budget used \$0.7 million from Education Jobs funds in lieu of a like amount from general revenues. The formula assumes that Davies will receive \$3.9 million from local districts once the formula is fully phased in.

*The Governor recommends \$0.8 million more than requested including \$9,957 less from general revenues in lieu of Education Jobs funds. He adds \$0.8 million in local contributions from sending districts to correct for a mistake in the request. The budget assumes that the local share for FY 2013 will be \$1.6 million.*

**Lunch Program Accounting.** Consistent with its revised request, the Regents' budget shows \$280,000 from restricted receipts for the school's breakfast and lunch program based on a decision that the receipts and expenditures need to be segregated into a separate account. The enacted budget included the \$280,000 in expenditures for the breakfast and lunch program as a general revenue expense. Because the school is now funded through the education funding formula, it gets a single state allocation for the year. Any savings in one area are redirected to other line items. *The Governor recommends funding as requested.*

**Capital.** The Regents' request reflects an additional \$0.3 million from Rhode Island Capital Plan funds. This includes \$0.4 million less from Rhode Island Capital Plan funds for the roof project offset by \$0.3 million more for the HVAC project and \$0.4 million more for asset protection projects based on revised cost estimates.

*The Governor recommends \$0.9 million less than requested. He does not recommend the additional \$0.4 million for asset protection projects. He does not recommend the additional funding for the HVAC project and shifts \$0.3 million from FY 2013 to FY 2014.*

### **Rhode Island School for the Deaf**

**Salaries and Benefits.** The Regent's budget contains \$6.3 million in salary and benefit expenditures for the School for the Deaf's 60.0 full-time equivalent positions. This is \$0.8 million more than enacted, including \$0.3 million more from general revenues. Of this amount, \$0.5 million, including \$0.4 million from general revenues, is for the rate increase in retirement benefits prescribed in the Budget Office targets. The request also includes turnover savings of \$0.3 million. Based on an average cost per position of \$99,359, this equates to 2.7 vacant positions.

It should be noted that in the Budget Office department calculations, it assumed that general revenue benefit adjustments for the School for the Deaf would be \$532,404. The School is budgeting \$352,404 in general revenue benefit adjustments leaving a balance of \$180,000 that it redirects to other operating expenditures. The school's overall budget request is equal to the Budget Office target calculation.

*The Governor recommends \$0.6 million less than requested including \$0.5 million less from general revenues. Of this, \$0.5 million reflects the change in retirement rates. He also recommends \$0.1 million in federally funded turnover savings to reflect a reduction in available federal funds.*

**Rental Income.** The 2011 Assembly enacted legislation that authorizes the School for the Deaf to rent or lease space in its school building. It established a new restricted receipt account for the deposit of funds from rentals or leases to be used by the school to support its operations. It also required that any rental agreement received prior approval from the school's Board of Trustees and the state properties

committee. The FY 2012 budget assumed \$90,000 in restricted receipt expenditures supported by rental income. The budget also reduced general revenue expenditures by \$67,500 to partially offset operating expenditures using rental income. Consistent with the revised request, the request eliminates the \$90,000 as the school is not renting the space; it does not request the restoration of the \$67,500 from general revenues. *The Governor recommends funding as requested.*

**Restoration of Education Jobs Funds.** The Regents request \$0.4 million in additional general revenue expenditures which includes the elimination of \$0.3 million from education jobs funds consistent with the Budget Office target. The Budget Office included the restoration of \$283,888 from general revenues to backfill education jobs funds that are no longer available. *The Governor recommends \$4,194 less from general revenues than requested to reflect additional Education Jobs funds of a like amount that the school will receive in FY 2012.*

**Other Operating Expenditures.** The Regents request \$0.8 million for all other operating expenditures, which is \$0.2 million more than enacted including \$0.1 million more than enacted from general revenues for various operating adjustments including utilities and insurance, landscaping and office supplies and equipment. *The Governor recommends funding as requested.*



## Board of Governors for Higher Education

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Board of Governors/Higher Ed.	\$ 10,729,306	\$ 11,425,012	\$ 11,337,859	\$ 38,462,791
University of Rhode Island	692,643,311	705,062,600	730,342,411	713,646,051
Rhode Island College	155,532,189	169,452,812	161,261,742	164,657,795
Community College of RI	137,940,036	145,233,062	145,367,787	145,285,979
<b>Total</b>	<b>\$ 996,844,842</b>	<b>\$1,031,173,486</b>	<b>\$1,048,309,799</b>	<b>\$1,062,052,616</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 428,035,402	\$ 439,695,890	\$ 458,064,328	\$ 452,728,208
Contracted Services	18,508,752	20,863,615	21,293,663	28,801,763
<b>Subtotal</b>	<b>\$ 446,544,154</b>	<b>\$ 460,559,505</b>	<b>\$ 479,357,991</b>	<b>\$ 481,529,971</b>
Other State Operations	201,701,417	192,125,398	199,119,311	203,774,234
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	271,490,585	276,139,942	284,464,635	297,701,982
Capital	33,251,140	57,698,609	39,001,586	26,335,558
Capital Debt Service	41,317,141	44,579,254	44,245,498	52,640,093
Operating Transfers	2,540,405	70,778	2,120,778	70,778
<b>Total</b>	<b>\$ 996,844,842</b>	<b>\$1,031,173,486</b>	<b>\$1,048,309,799</b>	<b>\$1,062,052,616</b>
<b>Sources of Funds</b>				
General Revenue	\$ 166,487,219	\$ 165,654,006	\$ 170,605,413	\$ 177,566,910
Federal Aid	4,594,756	35,502,477	5,236,394	18,601,398
Restricted Receipts	941,338	810,264	817,872	817,872
Other	824,821,529	829,206,739	871,650,120	865,066,436
<b>Total</b>	<b>\$ 996,844,842</b>	<b>\$1,031,173,486</b>	<b>\$1,048,309,799</b>	<b>\$1,062,052,616</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 558,726,857	\$ 567,930,534	\$ 591,908,030	\$ 596,247,703
Restricted Use Funds	438,117,985	463,242,952	456,401,769	465,804,913
<b>Total</b>	<b>\$ 996,844,842</b>	<b>\$1,031,173,486</b>	<b>\$1,048,309,799</b>	<b>\$1,062,052,616</b>
<b>FTE Authorization</b>	<b>3,438.4</b>	<b>3,438.8</b>	<b>3,465.4</b>	<b>3,504.4</b>
<i>Limited to Third Party Funds</i>	<i>776.2</i>	<i>776.2</i>	<i>776.2</i>	<i>776.2</i>
<b>Total Authorized Positions</b>	<b>4,214.6</b>	<b>4,215.0</b>	<b>4,241.6</b>	<b>4,280.6</b>

**Summary.** The Board requests \$51.5 million of new spending above the FY 2012 enacted budget for FY 2013 including \$4.1 million more in general revenue support, \$29.1 million more from other unrestricted sources and \$18.3 million more from restricted sources. The Board requests total funding from all sources of \$1,048.3 million for FY 2013, which is 4.9 percent growth over the FY 2012 enacted budget. The Board requests \$591.9 million from unrestricted use funds and \$456.4 million from restricted use funds. The unrestricted request represents 5.5 percent growth over FY 2012 revised expenditure projections.

*The Governor recommends \$1,062.1 million from all sources, which is 6.1 percent growth over the FY 2012 enacted budget. He includes \$596.2 million in unrestricted use fund expenditures and \$465.8 million in restricted use fund expenditures. He recommends \$177.6 million from general revenues, which is \$11.1 million more than enacted and \$7.0 million more than requested. He also includes Sections 1 and 2 of Article 4 of 2012-H 7323 to merge the Rhode Island Higher Education Assistance Authority into the Board of Governors' for Higher Education. His budget transfers 39.6 positions and \$27.7 million including \$5.6 million from general revenues to the Office. Excluding the transfer, the recommendation is \$5.5 million more than enacted, and \$1.4 million more than requested.*

**Full-Time Equivalent Positions.** The FY 2013 request includes authority for 4,241.6 full-time equivalent positions, provided that 776.2 of those positions would be limited to third-party sources. This is 27.0 more than the enacted level, including 14.0 positions at the University and 13.0 positions at the College. 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. 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.

*The Governor recommends 4,280.6 full-time equivalent positions, which is 66.0 more positions than enacted. This includes 2.4 more positions at the Office, 14.0 more at the University and 10.0 more at the College. The Governor also recommends the transfer of 39.6 positions from the Higher Education Assistance Authority to the Office of Higher Education.*

**Current Services and Target Budgets.** Historically the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget. The Board of Governors' submitted a budget request \$0.4 million over the current service budget of \$170.2 million. *The Governor's recommendation is \$7.4 million more than the Budget Office target.*

**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 reduces current year expenditures by \$0.6 million from general revenues to reflect updated debt service expenditures and the medical benefit holiday savings distribution.*

**Higher Education Funding.** Expenditures in Public Higher Education increased 44.2 percent during the period FY 2002 through FY 2012, which is an annual rate of 4.4 percent. Public Higher Education would grow 45.9 percent if the Board's FY 2013 request were funded, which is an annual rate of 4.6 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 from 2000 through 2006, are again shown in Higher Education's budget.

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. *The Governor's FY 2013 recommendation represents 47.1 percent growth during the period of FY 2002 through FY 2013, which is an annual rate of 4.3 percent.*

**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 \$591.9 million, of which \$170.6 million is from general revenues. The general revenue portion is \$4.1 million more than the enacted FY 2012 budget; other unrestricted sources increase \$33.2 million. *The Governor recommends \$596.2 million from unrestricted sources or 6.3 percent more than the enacted budget. The recommendation includes \$7.0 million more general revenues than requested primarily from the transfer of the Higher Education Assistance Authority to the Office of Higher Education. Excluding the transfer, the recommendation is \$32.0 million more than enacted and \$1.2 million less than requested.*

**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 requests restricted budgets of \$456.4 million for FY 2013. This is an increase of \$18.3 million, or 4.0 percent over the enacted FY 2012 level. Compared to the revised allocation, the request is \$2.2 million less. *The Governor recommends \$465.8 million, which is \$24.7 million more than enacted and \$9.4 million more than requested, primarily from adjustments to debt service expenditures.*

**Salaries and Benefits.** The Board requests \$458.1 million for salary and benefit expenditures, of which \$360.2 million is from unrestricted sources and \$97.8 million is from restricted sources. The request represents a \$29.5 million or 8.1 percent increase from the FY 2012 enacted level in unrestricted funding, and a \$0.5 million increase in restricted funding, or 1.0 percent. Compared to the institutions' FY 2012 revised projections, the unrestricted increase is \$12.5 million or 3.4 percent and a \$4.1 million increase in restricted funding, or 4.2 percent. The Board's request also includes an increase for medical benefits to reflect updated costs and increased employee cost sharing. Ongoing contract negotiations include employee co-share rates. In addition, the Board assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because they are ongoing, it uses an unidentified amount as a placeholder. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms.

*The Governor recommends \$24.7 million more than enacted and \$5.4 million less than requested. The unrestricted recommendation is \$23.8 million more than enacted and \$5.7 million less than requested. His budget assumes \$9.2 million in savings from the pension reform adopted by 2011 Assembly of which \$1.8 million is from general revenues. Budget Office documents indicate that the budget does not assume any changes to employee medical cost sharing or cost-of-living adjustments.*

**Alternate Retiree Health Benefits.** 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, increasing rates and decreasing coverage eligibility to age 65. As of July 1, 2008, the plan is only a post-65 plan. As of July 1, 2009, employees were paying 50.0 percent of the cost. The rate for FY 2011 was 2.69 percent of applicable payroll and will remain so until the next actuarial study. The Office indicates that an actuarial study will be completed annually. For FY 2012, the total amount budgeted is \$2.8 million. The Board's approved request for FY 2013 is \$2.8 million. *The Governor recommends funding as requested.*

**Contracted Services.** The Board requests \$21.3 million for contracted services for FY 2013, of which \$11.4 million is from unrestricted sources and \$9.9 million is from restricted sources. This is \$2.8 million more than the FY 2012 enacted budget and \$0.4 million more than the FY 2012 revised allocation. Compared to the revised allocation, unrestricted sources increase \$0.1 million or 1.0 percent and restricted sources increase \$0.3 million or 3.0 percent. *The Governor recommends \$10.3 million more than the enacted and \$7.5 million more than requested primarily from the transfer of the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. Excluding the transfer, the recommendation is \$2.8 million more than enacted.*

**Other Operating Expenses.** The Board requests \$199.1 million for other operating expenditures in FY 2013, of which \$86.1 million is from unrestricted sources and \$113.0 million is from restricted sources. This is \$4.3 million less than the FY 2012 enacted operating expenses. Compared to the institutions' FY 2012 revised projections, the unrestricted increase is \$1.9 million, or 2.2 percent and the restricted increase is \$3.1 million or 2.7 percent.

*The Governor's recommendation is \$2.1 million more than enacted and \$4.7 million more than requested. It appears that his intent is to retain all non-general revenue available resources by providing funds from retirement savings for other unidentified uses.*

**Grants and Scholarships.** The Board requests \$284.5 million for total grants and benefit expenditures for FY 2013, an increase of \$13.0 million, or 4.6 percent over the enacted FY 2012 budget. The unrestricted budget accounts for \$107.7 million, an increase of \$8.7 million, or 8.0 percent. The restricted budget includes \$176.8 million, a 2.4 percent increase of \$4.3 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 \$159.6 million for FY 2013. The unrestricted portion is \$102.0 million. The restricted portion is \$57.6 million. All federal sources, including Pell grants, account for approximately 32.8 percent of the total.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 37.9 percent of the tuition and mandatory fees based on the Board's target budget. Revised FY 2012 estimates are for 42.5 percent. For FY 2011, that share was 42.2 percent. Grants also include the Ford Direct Student Loan and Parent Loan programs at the University. The University requests restricted expenditures of \$110.0 million for FY 2013. It began the program in FY 1996 with loans of

\$33.8 million. *The Governor's recommendation is \$13.2 million more than requested; this includes \$13.1 million in scholarship and grants previously shown in the Higher Education Assistance Authority's budget.*

**Capital.** The Board requests \$39.0 million in total expenditures for capital outlays and improvements for FY 2013. The request includes \$23.0 million from Rhode Island Capital Plan funds of which \$16.0 million is for asset protection including \$14.1 million for various ongoing projects and \$3.8 million for three new projects at the University. These and all other capital projects are described separately in the Capital Budget Section of this analysis. It should be noted that the Rhode Island Capital Plan funds request is not consistent with the Board's five-year capital plan request. The University inadvertently includes \$2.2 million more in its request for the Joint Nursing Building. *The Governor recommends \$14.9 million from Rhode Island Capital Plan funds, which is \$17.3 million less than requested and \$4.6 million less than enacted.*

**Enrollment.** FY 2013 enrollment, based on revised estimates, would be 32,257 full-time equivalent students, which is 1.6 percent higher than the reported FY 2011 level. Among the changes reflected in the Board's FY 2012 revised budget estimates is an increase of 1.1 percent at the University that includes 175 more students. *The Governor's recommendation appears to reflect the Board's enrollment projections.*

**Tuition and Fees.** The Board's FY 2013 request includes \$388.7 million from tuition and fees. This represents a \$30.7 million, or 7.8 percent increase in revenues over the FY 2012 enacted level and is \$17.6 million or 4.5 percent more than the revised allocation. The Board approved combined tuition and fee increases of 9.5 percent for resident undergraduates at the University; nonresident increases are 2.0 percent and average room and board will increase 3.2 percent. At the College, resident and nonresident undergraduate tuition and fee increases are 4.0 percent and average room and board increases 3.0 percent. Tuition and fees increase 7.5 percent at the Community College. *The Governor's budget assumes the requested revenues. It appears that his intent is to retain all available resources; he provides non-general revenue funding made available from retirement savings for other unidentified uses.*

**Program Consolidations and Efficiencies.** At its December 8, 2008 meeting the Board of Governors' voted to direct the Commissioner to review the programmatic operations of all academic units of the institutions. The Board reports that since 2003, it has reviewed over 108 academic programs and has eliminated or consolidated 53 percent of those. It also voted at that meeting to change the policy that triggers automatic program review from programs that graduate fewer than six students per year for three consecutive years to 11 students over the same time frame.

At its August 30, 2010 meeting the Board reported that since 2008 it reviewed 91 programs; 54 programs have been retained, 24 programs have been consolidated into new or existing programs and 13 programs have been eliminated. In the past year the University has added several new programs. These include a multi-disciplinary master's degree and doctoral program in Neuroscience, a bachelor's degree program in Environmental and Natural Resource Economics and a Health Studies major. Also, the College has added several new programs that include a bachelor's degree program in Medical Imaging and Health Care Administration, as well as graduate level certificates in Biology, Neuroscience, Psychology and Elementary and Secondary Education.

## Office of Higher Education and Public Higher Education System

Office of Higher Education	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,797,514	\$ 1,830,407	\$ 1,995,927	\$ 5,411,164
Contracted Services	956,856	1,389,189	1,287,891	8,795,991
<b>Subtotal</b>	<b>\$ 2,754,370</b>	<b>\$ 3,219,596</b>	<b>\$ 3,283,818</b>	<b>\$ 14,207,155</b>
Other State Operating	3,297,391	2,344,668	2,463,809	5,450,309
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	4,677,545	5,868,522	5,590,232	18,305,327
Capital	-	-	-	500,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 10,729,306</b>	<b>\$ 11,432,786</b>	<b>\$ 11,337,859</b>	<b>\$ 38,462,791</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,141,012	\$ 6,141,012	\$ 6,485,244	\$ 11,484,770
Tuition and Fees	-	-	-	-
Other Unrestricted	-	-	-	-
<b>Total Unrestricted</b>	<b>\$ 6,141,012</b>	<b>\$ 6,141,012</b>	<b>\$ 6,485,244</b>	<b>\$ 11,484,770</b>
<b>Restricted</b>	<b>4,588,294</b>	<b>5,291,774</b>	<b>4,852,615</b>	<b>26,978,021</b>
<b>All Sources</b>	<b>\$ 10,729,306</b>	<b>\$ 11,432,786</b>	<b>\$ 11,337,859</b>	<b>\$ 38,462,791</b>
<b>FTE Authorizations</b>				
	<b>13.4</b>	<b>13.8</b>	<b>13.4</b>	<b>55.4</b>
<i>Third-Party Funded Positions</i>	1.0	1.0	1.0	1.0
<b>Total Positions</b>	<b>14.4</b>	<b>14.8</b>	<b>14.4</b>	<b>56.4</b>

**Summary.** The Board requests \$11.3 million for FY 2013 expenditures from all sources and 14.4 full-time equivalent positions for operations of the Office of Higher Education and funding for system-wide applications. This is \$0.1 million less than FY 2012 and includes \$0.3 million more from general revenues and \$0.4 million less from restricted sources. Staffing is consistent with the enacted level.

*The Governor recommends \$38.5 million, including \$11.5 million from general revenues. This is \$27.8 million more than enacted including \$5.5 million more from general revenues. The Governor recommends 56.4 full-time positions. The Governor recommends Sections 1 and 2 of Article 4 of 2012-H 7323 to merge the Rhode Island Higher Education Assistance Authority into the Board of Governors' for Higher Education. His budget transfers 39.6 positions and \$27.7 million including \$5.6 million from general revenues to the Office.*

**Unrestricted Budget.** The unrestricted budget accounts for \$6.5 million and 13.4 full-time equivalent positions, which is an increase of \$0.3 million or 4.6 percent to the revised budget request. The funding source is general revenues. Compared to the FY 2012 enacted budget, the request is \$0.3 million or 4.6 percent more. *The Governor recommends \$11.4 million from unrestricted sources; this is \$5.4 million more than enacted and \$5.0 million more than requested and includes the transfer of \$5.6 million from the Higher Education Assistance Authority.*

**Full-Time Equivalent Positions.** The Office requests 14.4 full-time equivalent positions, which is consistent with the FY 2012 enacted budget. As of December 17, 2011; the Office has 11.0 positions filled; 14.4 are authorized. *The Governor recommends the transfer of 39.6 positions from the Higher Education Assistance Authority to the Office of Higher Education eliminating 2.0 positions from the Authority's prior authorization. The Governor also adds 2.4 positions at the Office including 0.6 to restore the Commissioner to a full-time position.*

<b>Office of Higher Education Changes to Enacted</b>			
	Request	Governor	Difference
Current Year Revisions	\$ -	\$ (7,774)	\$ (7,774)
Salaries and Benefits	215,029	84,436	(130,593)
Shepard Building	58,763	58,763	-
Dual Enrollment	(163,168)	(163,168)	-
College Crusade	296,616	(79,231)	(375,847)
Other Community Service Grants	-	(70,061)	(70,061)
PeopleSoft Implementation	-	-	-
Other Operating Expenditures	(63,008)	(63,008)	-
Need Based Grants and Scholarships	-	5,161,003	5,161,003
Academic Promise Scholarship Program	-	-	-
HEAA Operations	-	422,768	422,768
<b>Total</b>	<b>\$ 344,232</b>	<b>\$ 5,351,502</b>	<b>\$ 5,007,270</b>

**Current Year Revisions.** The revised budget includes the enacted level of general revenues; however, the Office reduced office operating expenditures by \$10,500 and contracted services by \$66,892 in order to increase salaries and benefits by \$25,262, Shepard Building operations by \$30,086 and the Dual Enrollment program by \$21,841. Contracted services are consistent with FY 2011 final expenditures and operating expenses are \$19,092 more. The revised request includes turnover savings for 1.0 position, consistent with the FY 2012 enacted budget. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms. The Office had 10.0 of its 13.4 positions filled as of the January 12, 2012 pay period. *The Governor recommends \$7,774 less from general revenues to reflect the medical benefit savings distribution.*

**Salaries and Benefits.** The unrestricted budget request includes \$1.9 million for salaries and benefits, which is \$0.2 more than the revised allocation. This is \$0.2 million more than enacted to reflect updated benefit rates consistent with the Budget Office planning values and funding for the Associate Commissioner for External Affairs that was not funded in the FY 2012 allocation. As of December 17, 2011; the Office has 11.0 of its 14.4 authorized positions filled.

The Office's request also includes an increase of \$16,876 for medical benefits to reflect updated costs and increased employee cost sharing. Part of the ongoing contract negotiations includes employee co-share rates. In addition, the Office assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms.

*The Governor recommends \$0.1 million less from general revenues than requested. This includes savings of \$0.4 million to reflect the revised retirement rates offset by reduced turnover savings. Budget Office documents indicate that the budget does not assume any changes to employee medical cost sharing or cost-of-living adjustments.*

**Shepard Building.** 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 revised allocation includes \$2.2 million for Shepard building expenses, of which \$1.1 million is for parking. The Board's FY 2013 request includes an additional \$58,763 or 4.7 percent for costs associated with the contractual agreement with Rhode Island Convention Center Authority. The Office indicates that no additional passes have been issued. *The Governor recommends funding as requested.*

**Dual Enrollment.** The Board's request includes \$60,254 or \$163,168 less than the FY 2012 allocation for the Dual Enrollment program. 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 recommends funding as requested.*

**College Crusade.** The Board's request includes \$0.8 million from general revenues for the College Crusade, previously called the Children's Crusade. This is \$0.3 million more than the revised allocation. 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 Governor recommends reducing all community service grants by 25.0 percent for savings of \$375,847.*

**Other Community Service Grants.** The Board requests \$280,245, for its community service grants consistent with revised budget request. Community service grants fund various programs that support or promote higher education. *The Governor recommends reducing all community service grants by 25.0 percent for savings of \$70,061.*

**PeopleSoft Implementation.** The Board requests \$0.9 million for PeopleSoft implementation expenditures consistent with the revised allocation. *The Governor recommends funding as requested.*

**Other Operating Expenditures.** Excluding the items noted previously, the request includes \$0.3 million for all other operating expenditures, which is \$63,008 less than the revised allocation. The decrease is within the external affairs function that includes consultants. The Office indicates that the FY 2013 request includes funding for the position of Associate Commissioner External Affairs and does not include any outside services to assist in that role. *The Governor recommends funding as requested.*

**Other Grant Programs.** The restricted budget request is for \$3.4 million, which is \$435,679 less than the FY 2012 budget. The restricted budget reflects federal expenditures authority for grants, primarily passed through to the institutions and the College Crusade for Higher Education. *The Governor recommends funding as requested.*

**College Access Challenge Grant.** The request includes \$1.5 million for the College Access Challenge Grant, which is \$0.7 million more than the enacted. During the summer of FY 2011, the Office of Higher Education was notified it would be awarded a federal College Access Challenge Grant. The grant is intended to increase the number of low-income students who are prepared to enter post-secondary education. *The Governor recommends funding as requested.*

**Need Based Scholarships and Grants.** The Higher Education Assistance Authority requests the enacted level of \$12.5 million for scholarships and need-based grants in FY 2013. This includes \$5.5 million from general revenues, \$250,000 more than enacted, and \$7.0 million from tuition savings funds, \$250,000 less than the enacted level. The request includes additional general revenues; however, it appears the Authority will have a \$2.0 million surplus and a surplus of \$1.0 million if the

Academic Promise program is funded for FY 2013. The 2011 Assembly reduced general revenues for need based scholarships and grants by \$250,000 and used tuition savings fees instead; the request restores this general revenue reduction. These funds come from fees paid by out-of-state participants of the Tuition Savings Program that the Authority administers through AllianceBernstein.

*The Governor recommends \$13.2 million for need based scholarships including \$5.2 million from general revenues, which is \$0.1 million less than enacted; however, he transfers all funding from the Authority's budget to the Office of Higher Education.*

<b>Scholarships and Grants</b>				
	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Request Chg to Enacted</b>	<b>FY 2013* Recommended</b>
<b>Uses</b>				
<b>Need Based Scholarships and Grants</b>				
General Revenues	\$ 5,261,003	\$ 5,511,003	\$ 250,000	\$ 5,161,003
Tuition Savings Fees	7,250,000	7,000,000	(250,000)	7,250,000
<i>Subtotal</i>	<i>\$ 12,511,003</i>	<i>\$ 12,511,003</i>	<i>\$ -</i>	<i>\$ 12,411,003</i>
<b>Other Grant Programs</b>				
Academic Promise	\$ -	\$ -	\$ -	\$ 750,000
Matching Grant	-	-	-	-
LEAP/SLEAP	172,126	-	(172,126)	-
<i>Subtotal</i>	<i>\$ 172,126</i>	<i>\$ -</i>	<i>\$ (172,126)</i>	<i>\$ 750,000</i>
<b>Total</b>	<b>\$ 12,683,129</b>	<b>\$ 12,511,003</b>	<b>\$ (172,126)</b>	<b>\$ 13,161,003</b>
<b>Sources</b>				
General Revenues	\$ 5,261,003	\$ 5,511,003	\$ 250,000	\$ 5,161,003
Federal Funds	172,126	-	(172,126)	-
Tuition Savings Fees	7,250,000	7,000,000	(250,000)	8,000,000
<b>Total</b>	<b>\$ 12,683,129</b>	<b>\$ 12,511,003</b>	<b>\$ (172,126)</b>	<b>\$ 13,161,003</b>

*\*Funding was transferred from the Higher Education Assistance Authority budget*

**Academic Promise Scholarship Program.** The Higher Education Assistance Authority did not request funding for the Academic Promise Scholarship program in its request but would like the Governor to include \$1.0 million for this program in his recommendation. The Authority would fund the program with \$1.0 million from tuition savings revenues. The projected FY 2013 tuition savings program reflects a closing surplus \$2.0 million, based on the Authority's request. *The Governor recommends \$750,000 for the Academic Promise Scholarship program; however, he transfers all funding from the Authority's budget to the Office of Higher Education.*

**HEAA Operations.** The FY 2013 request includes \$13.8 million for the Authority's operations. This includes \$4.1 million from all funds for salaries and benefits for 41.6 full-time equivalent positions. This is \$0.4 million more than enacted including \$85,374 less from general revenues, \$403,995 more from federal funds and \$39,354 more from tuition savings funds. The request assumes the planning values provided by the Budget Office, no turnover savings and minor adjustments in allocation among sources of funds consistent with the revised allocation. The Authority has an average of 31.1 of its 41.6 authorized full-time equivalent positions filled as of the November 25th pay period. Consistent with its FY 2012 revised request, the Authority requests a decrease of \$16,213 for all other operations for FY 2013. This includes \$15,476 less from federal funds and \$737 less from tuition savings funds to reflect anticipated expenditures. *The Governor recommends the transfer of \$13.8 million from the Higher Education Assistance Authority to the Office of Higher Education.*

## University of Rhode Island

University of Rhode Island	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 255,856,562	\$ 264,104,573	\$ 269,158,892	\$ 264,317,288
Contracted Services	13,426,250	14,951,740	15,691,599	15,691,599
<b>Subtotal</b>	<b>\$ 269,282,812</b>	<b>\$ 279,056,313</b>	<b>\$ 284,850,491</b>	<b>\$ 280,008,887</b>
Other State Operating	150,833,993	144,902,980	149,542,387	150,238,554
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	214,486,560	214,907,986	223,731,847	224,025,559
Capital	23,734,826	30,374,668	34,996,157	18,053,962
Capital Debt Service	34,305,120	34,275,447	37,221,529	41,319,089
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 692,643,311</b>	<b>\$ 703,517,394</b>	<b>\$ 730,342,411</b>	<b>\$ 713,646,051</b>
<b>Sources of Funds</b>				
General Revenue	\$ 73,712,534	\$ 73,712,534	\$ 76,365,863	\$ 77,643,906
Tuition and Fees	245,611,495	255,966,955	265,648,555	265,648,555
Other Unrestricted	23,541,384	21,007,952	21,986,119	20,172,320
<b>Total Unrestricted</b>	<b>\$ 342,865,413</b>	<b>\$ 350,687,441</b>	<b>\$ 364,000,537</b>	<b>\$ 363,464,781</b>
<b>Restricted</b>	<b>349,777,898</b>	<b>352,829,953</b>	<b>366,341,874</b>	<b>350,181,270</b>
<b>All Sources</b>	<b>\$ 692,643,311</b>	<b>\$ 703,517,394</b>	<b>\$ 730,342,411</b>	<b>\$ 713,646,051</b>
<b>FTE Authorizations</b>				
	<b>1,843.3</b>	<b>1,843.3</b>	<b>1,857.3</b>	<b>1,857.3</b>
<i>Limited to Third-Party Funds</i>	593.2	593.2	593.2	593.2
<b>Total</b>	<b>2,436.5</b>	<b>2,436.5</b>	<b>2,450.5</b>	<b>2,450.5</b>

**Summary.** The University requests \$730.3 million and 2,450.5 full-time equivalent positions for FY 2013, an increase of \$37.7 million or 5.2 percent to the FY 2012 enacted budget and an increase of \$26.8 million or 3.7 percent to the revised allocation. General revenues, requested at \$76.4 million, are \$2.7 million more than enacted and the revised allocation. The staffing request is 14.0 more full-time equivalent positions than the enacted level.

*The Governor recommends \$713.6 million, which is \$21.0 million more than enacted and \$16.6 million less than requested. The recommendation includes \$77.6 million from general revenues, which is \$3.9 million more than enacted and \$1.2 million more than requested. The Governor recommends 2,450.5 full-time equivalent positions, which is 14.0 more than the enacted authorization.*

**Tuition and Enrollment.** The FY 2013 budget assumes that tuition and fees would increase 9.5 percent or \$1,084 for resident undergraduates and 2.0 percent or \$562 for nonresident undergraduates and that room and board would increase 3.2 percent or \$356. In-state enrollment is projected to decrease 1.8 percent or 156 full-time equivalent students and out-of-state enrollment is projected to decrease 1.1 percent or 68 full-time equivalent students for a total decrease of 1.5 percent or 224 full-time equivalent students. For FY 2013, the University is projecting that of 14,594 full-time equivalent students, 8,662 will be in-state and 5,932 or 40.6 percent will be out-of-state. *The Governor*

recommends funding as requested. It appears that his intent is to retain all available non-general revenue resources; he provides funding made available from retirement savings for other unidentified uses.

<b>University Undergraduate Tuition and Fees</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Change to FY 2012</b>	
<b>Resident</b>				
Tuition	\$ 9,824	\$ 10,878	\$ 1,054	10.7%
Fees	1,542	1,572	30	1.9%
<b>Total</b>	<b>\$ 11,366</b>	<b>\$ 12,450</b>	<b>\$ 1,084</b>	<b>9.5%</b>
<b>Nonresident</b>				
Tuition	\$ 25,912	\$ 26,444	\$ 532	2.1%
Fees	1,542	1,572	30	1.9%
<b>Total</b>	<b>\$ 27,454</b>	<b>\$ 28,016</b>	<b>\$ 562</b>	<b>2.0%</b>
<b>Room and Board</b>				
Average Room	\$ 7,070	\$ 7,306	\$ 236	3.3%
Average Board	3,998	4,118	120	3.0%
<b>Average Room and Board</b>	<b>\$ 11,068</b>	<b>\$ 11,424</b>	<b>\$ 356</b>	<b>3.2%</b>
<b>Undergraduate and Graduate Enrollment</b>				
In-State	8,818	8,662	(156)	-1.8%
Out-of-State	6,000	5,932	(68)	-1.1%
<b>Total</b>	<b>14,818</b>	<b>14,594</b>	<b>(224)</b>	<b>-1.5%</b>

**Program Consolidations and Efficiencies.** The University reports that since 2008, it has eliminated 7 programs, and has consolidated 21 programs into other majors. In the past year the University has added several new programs. These include a multi-disciplinary master's degree and doctoral program in Neuroscience, a bachelor's degree program in Environmental and Natural Resource Economics and a Health Studies major.

**Staffing.** The FY 2012 enacted budget includes authority to fill 2,436.5 full-time equivalent positions, provided that 602.0 of those positions would be limited to third-party sources. The FY 2013 request includes 14.0 more full-time equivalent positions than the enacted level. As of the pay period ending December 17, 2011, the University had 2,297.4 of its 2,436.5 authorized positions filled including 482.6 of the 593.2 third-party funded positions. *The Governor recommends 2,450.5 full-time equivalent positions, which is 14.0 more than enacted.*

**Unrestricted Budget Summary.** The unrestricted budget accounts for \$364.0 million, which is an increase of \$21.1 million or 5.8 percent to the FY 2012 enacted budget and \$13.3 million or 3.6 percent to the revised allocation. Sources of funds for the increase from the revised budget include \$2.7 million more general revenues, \$11.6 million more from tuition and fees and \$1.0 million less from other institutional resources. *The Governor recommends \$363.5 million in unrestricted expenditures. This is \$20.6 million more than enacted and \$0.5 million more than requested.*

<b>University of Rhode Island Changes to Enacted</b>			
	Request	Governor	Difference
Current Year Revisions	\$ 7,822,028	\$ 8,690,561	\$ 868,533
New Staff	1,000,000	1,000,000	-
Limited Positions	(1,900,000)	(1,900,000)	-
University Retirement Incentive Plan	(4,200,000)	(4,200,000)	-
All Other Salaries and Benefits	7,242,731	5,073,132	(2,169,599)
Student Aid	7,418,732	7,418,732	-
Community Service Grants	-	(66,288)	(66,288)
State Forensics Lab	94,793	11,935	(82,858)
Debt Service	2,192,824	3,075,268	882,444
Energy Conservation Debt Service	1,813,799	-	(1,813,799)
Fundraising	150,600	150,600	-
Utilities	(467,167)	(467,167)	-
Other Operating Adjustments	(33,216)	1,812,595	1,845,811
<b>Total</b>	<b>\$ 21,135,124</b>	<b>\$ 20,599,368</b>	<b>\$ (535,756)</b>

**Current Year Revisions.** The University requests \$350.7 million, \$7.8 million more than enacted from tuition and fees including the enacted level of general revenues. At the May 2, 2011 Board of Governors' for Higher Education meeting, the Board approved tuition raises for in-state students by \$810 and out-of-state by \$192. However, the University's FY 2012 budget request, upon which the enacted budget is based on, included no tuition increases.

The increases are mostly in student aid and salaries and benefits. The University reduced general operating expenditures including utilities. The enacted budget includes \$11.6 million for utility expenditures based on a University estimate provided a year earlier; the request for \$8.0 million reflects current estimates. The University spent \$8.7 million in FY 2011 and \$7.3 million in FY 2010.

The University requests \$11.4 million more for salaries and benefits of which \$5.6 million is reduced turnover. The FY 2012 enacted budget assumes \$7.7 million in turnover savings; the revised allocation includes \$2.1 million. Of the 1,843.3 authorized positions, the University had 19.5 vacant positions as of the January 12, 2012 pay period. In addition, the University assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms.

*The Governor recommends \$0.9 million more from general revenues to reflect new debt service for the chemistry building project for which general obligation bonds were issued in the summer of 2011. He also includes savings from the medical benefit holiday.*

**New Staff.** Unrestricted expenditures increase \$1.0 million to fund 14.0 new faculty positions across all disciplines. The University indicates these new positions will allow the University to realign faculty and staff to better serve the University's research agenda and accelerate a shift to a global perspective on education. The University did not provide where these positions will be utilized within the budget request or upon staff inquiries. *The Governor recommends funding as requested.*

**Limited Positions.** The unrestricted budget includes savings of \$1.9 million for limited positions that are set to expire in FY 2013. Limited positions are positions with a specific end date. The University indicates that it has yet to identify how many faculty and non-classified staff positions this savings represents. The University also indicates these are full-time equivalent positions and there are various start dates depending upon the position. *The Governor recommends funding as requested.*

**University Retirement Incentive Plan.** The unrestricted budget includes savings of \$4.2 million from the University's Retirement Incentive Plan. The one-time program, would be implemented in the spring of 2012, and will provide the University with an opportunity to realign faculty and non-classified staff to better serve the University by providing a retirement incentive. Eligible faculty and non-classified staff must notify the Dean or Director in writing by March 15, 2012. The University indicates a total of 344 employees eligible for the incentive plan; however, the University was unable to provide how many employees the University anticipated would be a part of this plan. The University also indicates that it expects most positions to be hired at a lower cost and allocated to strategic positions and rehiring of faculty will be accomplished with the goal of achieving a University wide student to faculty ratio of 16:5:1.

It should be noted the University submitted a revised plan to the Board of Governor's for Higher Education on January 6, 2012 that indicates that there are a total of 246 employees, 152 faculty and 94 non-classified staff that currently meet the requirements of this revised one-time program. *The Governor recommends the requested expenditures; his budget does not address the proposal specifically.*

**All Other Salaries and Benefits.** The unrestricted budget includes \$197.1 million for all other salary and benefit expenditures. This is \$7.2 million or 3.6 percent more than the revised allocation. Of the \$7.2 million increase, 38.8 percent or \$2.8 million is associated with updated benefit rates consistent with the Budget Office planning values. The University's request also includes an increase for medical benefits to reflect updated costs and increased employee cost sharing. Part of the ongoing contract negotiations includes employee co-share rates. In addition, the University assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. The request includes rate increases pending the resolution of the contract negotiations. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms.

*The Governor recommends \$2.2 million less than requested. This includes \$2.8 million in savings from retirement changes. Budget Office documents indicate that the budget does not assume any changes to employee medical cost sharing or cost-of-living adjustments. These reductions are offset by lower turnover savings.*

**Student Aid.** The unrestricted budget includes \$88.3 million for student aid, which is \$7.4 million or 8.2 percent greater than the FY 2012 allocation and 27.7 percent greater than FY 2011 expenditures. The University requests additional funding to become more competitive with regard to financial aid and to enhance student retention. Unrestricted student aid and waivers represents 33.2 percent of tuition and fee revenues. Student aid increased 10.1 percent and waivers remained level with the FY 2012 allocation. Student aid and waivers represented 31.6 percent of tuition and fee revenues for FY 2012, 30.5 percent for FY 2011, and 26.6 percent for FY 2010. *The Governor recommends funding as requested.*

**Community Service Grants.** The Board requests \$265,251, for its community service grants, consistent with the enacted budget. Community service grants fund various programs that support or promote higher education. These include the Hope High School Scholarship Grant, the Italian Cultural Heritage, the Learning Enhancements for Adults program, the Minority Outreach, the Ocean State Center Law and Citizen Education, the Senior Standard Medical Information System and the Special Olympics. *The Governor recommends reducing all community service grants by 25.0 percent for savings of \$66,288.*

**State Forensics Lab.** The unrestricted budget includes \$0.9 million for the State Forensics Lab, which is \$0.1 million or 11.1 percent greater than the FY 2012 allocation. The University requests \$0.1 million more to fund the Quality Officer and a Criminalist II positions, operating expenses increased by \$29,997 for equipment repairs and to cover the T1 Line between University and the State Police Headquarters and for the employee retirement rate change from 22.98 percent to 36.34 percent. The State Forensics Lab indicates that it anticipates the loss of the Coverdell and Byrne grant funding after conferring with the Public Safety Grant Administration. *The Governor recommends \$82,858 less than requested for miscellaneous operating expenses.*

**Debt Service.** The unrestricted budget includes \$20.6 million for debt service costs, which is \$2.2 million more than the revised allocation primarily for debt service costs primarily for the new Chemistry building and the Environmental Biotechnology Building. Other projects include Independence Hall, Green Hall renovations, Lippett Hall, Pell Marine Science Laboratory, College of Pharmacy Building and Ranger Hall. The FY 2013 request includes \$3.3 million of Rhode Island Health and Education Building Corporation debt. *The Governor recommends \$0.9 million more than requested to reflect updated estimates.*

**Energy Conservation Debt Service.** The unrestricted budget mistakenly includes \$1.8 million for debt service for energy conservation for FY 2013. The enacted budget includes this expenditure as part of the restricted budget. *The Governor recommends funding as part of the restricted budget.*

**Fundraising.** The unrestricted budget includes \$3.6 million for FY 2013, which is \$0.2 million more 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. A new contract was negotiated that requires more fundraising by the Foundation than the previous contract. *The Governor recommends funding as requested.*

**Utilities.** The unrestricted budget includes \$7.5 million for utility expenditures. This is \$0.5 million or 6.6 percent less than the FY 2012 revised allocation. The University indicates that the utilities decreased as a result of a greater amount being charged to sponsored research overhead funds as well as the projected usage. *The Governor recommends funding as requested.*

**Other Operating Expenditures.** Excluding the items noted previously, the unrestricted budget includes \$49.3 million for all other operating and contracted services expenditures. This is a \$33,216 less than the revised allocation. The University includes increases in the Shepard building operations, general operating supplies, advertising and expenses related to the student loan program offset by a minor decrease in the University's insurance policy and building and machinery supplies. *The Governor recommends \$1.8 million more than requested. It appears that his intent is to retain all available non-general revenue resources by providing funds from retirement savings for other unidentified uses.*

**Restricted Budget.** The restricted budget request is for \$366.3 million, which is a 4.5 percent increase of \$16.6 million over the FY 2012 enacted budget. Compared to the revised allocation, the request is \$15.4 million or 4.2 percent more. The increase includes \$11.8 million more for capital improvements, \$0.3 million more for operating expenditures, \$2.1 million more in student assistance and grants, \$2.0 million more for contracted service, \$0.8 million more for debt service and \$0.4 million less for salaries and benefits.

The University requests total funding of \$315.2 million for restricted operating expenditures, which is \$4.0 million more than enacted. Restricted student aid is projected to increase \$0.9 million or 1.0 percent over the enacted budget and \$0.7 million or 0.9 percent over the revised allocation. The increase is attributable to additional students applying for aid during FY 2012.

Dining service expenses are projected to increase \$2.2 million or 10.1 percent over the enacted budget for updated benefit rates consistent with Budget Office planning values, the change in cost of goods sold and new equipment for the Butterfield expansion. The University indicates that increases to meal plans will offer more opportunities to students for combo purchases at other dining locations on campus.

Housing and Residential Life expenditures are projected to increase \$0.6 million or 2.5 percent over the enacted budget for capital improvements to undergraduate and graduate residence halls, the purchase of appliances and furniture for the new Hillside residence hall and reflects updated benefit rates consistent with the Budget Office planning values.

The University requests upgrades to the Ram computer department at the bookstore, which will upgrade the service department space and enable the University to expand product lines. The bookstore also plans to install custom designed vending machines in the student union and on campus, which will provide students the opportunity to buy various supplies and products all the time. The University reports the bookstore experienced a decrease in revenues in FY 2011, as students are finding alternative ways and other online resources to get books for classes and computers.

The University requests \$34.6 million for capital improvements funded from restricted sources, which is \$11.8 million more than enacted. Rhode Island Capital Plan funds are estimated at \$27.0 million for FY 2012, which is \$14.1 million over the enacted level, primarily for new projects and approved projects with a FY 2013 start. The University is also requesting \$10.8 million or \$3.8 million more from asset protections funds. These projects are described in detail in the Capital Budget Section of this analysis and include renovations to the Joint Nursing Building, Woodward Hall, Classroom and Instructional Lab improvements, Fogarty, Morrill and Pastore Halls, and Fire Safety and protection for academic and administrative buildings. The University indicates that it inadvertently includes \$2.2 million more for the Joint Nursing Building; it should include \$2.6 million as shown in the capital budget request. Other projects include upgrades for existing fire detection and emergency lighting systems and renovations for the Gateway apartments, asbestos abatement in the University Village apartments, new seating at the Ram's Den and tile and carpet replacement in several residence halls.

The University requests total funding of \$16.6 million for debt service, which is \$0.8 million more than the FY 2012 enacted budget.

*The Governor recommends \$20.7 million less than requested for capital improvement projects primarily reflecting the completion of federal fiscal stabilization fire safety projects. He does not recommend the additional \$3.8 million requested for asset protection projects. He recommends \$2.2 million more than requested to correctly show debt service for the energy conservation project as a restricted expenditure. The recommendation also includes an increase of \$2.3 million for operating expenditures primarily for student aid.*

## Rhode Island College

Rhode Island College	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 89,614,141	\$ 93,010,303	\$ 98,851,296	\$ 96,738,699
Contracted Services	2,553,207	2,775,887	2,463,187	2,463,187
<b>Subtotal</b>	<b>\$ 92,167,348</b>	<b>\$ 95,786,190</b>	<b>\$ 101,314,483</b>	<b>\$ 99,201,886</b>
Other State Operating	25,000,673	26,622,388	25,078,230	26,350,375
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	25,449,849	26,538,849	26,273,572	26,441,105
Capital	5,264,459	13,312,524	3,276,799	4,644,799
Capital Debt Service	5,311,073	5,311,073	5,318,658	8,019,630
Operating Transfers	2,338,787	-	-	-
<b>Total</b>	<b>\$ 155,532,189</b>	<b>\$ 167,571,024</b>	<b>\$ 161,261,742</b>	<b>\$ 164,657,795</b>
<b>Sources of Funds</b>				
General Revenue	\$ 40,338,093	\$ 40,338,093	\$ 40,890,880	\$ 41,656,616
Tuition and Fees	62,486,385	65,238,891	68,202,843	68,202,843
Other Unrestricted	6,276,930	6,296,930	6,412,202	6,412,202
<b>Total Unrestricted</b>	<b>\$ 109,101,408</b>	<b>\$ 111,873,914</b>	<b>\$ 115,505,925</b>	<b>\$ 116,271,661</b>
<b>Restricted</b>	<b>46,430,781</b>	<b>55,697,110</b>	<b>45,755,817</b>	<b>48,386,134</b>
<b>All Sources</b>	<b>\$ 155,532,189</b>	<b>\$ 167,571,024</b>	<b>\$ 161,261,742</b>	<b>\$ 164,657,795</b>
<b>FTE Authorizations</b>				
	<b>827.6</b>	<b>827.6</b>	<b>840.6</b>	<b>837.6</b>
<i>Limited to Third-Party Funds</i>	82.0	82.0	82.0	82.0
<b>Total</b>	<b>909.6</b>	<b>909.6</b>	<b>922.6</b>	<b>919.6</b>

**Summary.** Rhode Island College requests \$161.3 million from all sources and 922.6 full-time equivalent positions, of which 82.0 would be limited to third party sources. This is an increase of \$5.7 million or 3.5 percent to the FY 2012 enacted budget and a decrease of \$6.3 million or 3.9 percent to the revised budget allocation. The staffing request is 13.0 more full-time equivalent positions than the enacted level.

*The Governor recommends \$164.7 million, \$9.2 million more than enacted and \$3.5 million more than requested. The recommendation includes \$41.7 million from general revenues, which is \$1.4 million more than enacted and \$0.8 million more than requested. The Governor recommends 919.6 full-time positions, which is 10.0 more than enacted and 3.0 fewer than requested.*

**Tuition and Enrollment.** The FY 2013 budget assumes that tuition and fees would increase 4.0 percent; \$290 for resident undergraduates and \$702 for nonresident undergraduates and that room and board would increase 3.0 percent or \$278. In-state enrollment is projected to remain constant and out-of-state enrollment is projected to decrease 0.6 percent or 5 full-time equivalent students. The College projects that out of 7,140 full-time equivalent students for FY 2013, 6,280 will be in-state and 860 or 12.0 percent will be out-of-state. *The Governor recommends funding as requested. It appears that his*

intent is to retain all available non-general revenue resources; he provides funding made available from retirement savings for other unidentified uses.

<b>College Undergraduate Tuition and Fees</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Change to FY 2012</b>	
<b>Resident</b>				
Tuition	\$ 6,240	\$ 6,530	\$ 290	4.6%
Fees	1,028	1,028	-	0.0%
<b>Total</b>	<b>\$ 7,268</b>	<b>\$ 7,558</b>	<b>\$ 290</b>	<b>4.0%</b>
<b>Nonresident</b>				
Tuition	\$ 16,526	\$ 17,228	\$ 702	4.2%
Fees	1,028	1,028	-	0.0%
<b>Total</b>	<b>\$ 17,554</b>	<b>\$ 18,256</b>	<b>\$ 702</b>	<b>4.0%</b>
<b>Room and Board</b>				
Average Room	\$ 5,266	\$ 5,424	\$ 158	3.0%
Average Board	3,990	4,110	120	3.0%
<b>Average Room and Board</b>	<b>\$ 9,256</b>	<b>\$ 9,534</b>	<b>\$ 278</b>	<b>3.0%</b>
<b>Undergraduate and Graduate Enrollment</b>				
In-State	6,280	6,280	-	0.0%
Out-of-State	865	860	(5)	-0.6%
<b>Total</b>	<b>7,145</b>	<b>7,140</b>	<b>(5)</b>	<b>-0.1%</b>

**Program Consolidations and Efficiencies.** The College reports that since 2008, it has eliminated four programs, and consolidated three programs into other majors. In the past year the College has added several new programs. These include a bachelor's degree program in Medical Imaging and Health Care Administration, as well as graduate level certificates in Biology, Neuroscience, Psychology and Elementary and Secondary education.

**Staffing.** The FY 2012 enacted budget includes authority to fill 909.6 full-time equivalent positions, provided that 82.0 of those positions would be limited to third-party sources. The FY 2013 request is for 922.5 positions, which is 13.0 more than the enacted authorization. As of the pay period ending December 17, 2011, the College had 859.5 of its 909.6 authorized positions filled including 67.2 of the 82.0 third-party funded positions. *The Governor recommends 919.6 full-time equivalent positions, which is 10.0 more than the enacted authorization.*

**Unrestricted Budget Summary.** The unrestricted budget accounts for \$115.5 million, which is an increase of \$6.4 million, or 5.5 percent to the enacted budget and \$3.6 million or 3.1 percent to the revised allocation. Sources of funds for the increase to the revised allocation include \$2.7 million more from general revenues, \$3.0 million more from tuition and fees and \$0.1 million more from other unrestricted sources. Historically, the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget. The Board submitted a request that met that current service target budget. *The Governor recommends \$116.3 million in unrestricted expenditures. This is \$7.2 million more than enacted and \$0.8 million more than requested.*

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**College Changes to Enacted**

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	Request	Governor	Difference
Current Year Revisions	\$ 2,772,506	\$ 1,215,339	\$ (1,557,167)
New Staff	942,000	942,000	-
All Other Salaries and Benefits	3,698,793	2,655,039	(1,043,754)
Computer Equipment and Supplies	(337,000)	(337,000)	-
Student Aid	219,723	387,256	167,533
Utilities	(200,000)	(200,000)	-
Debt Service	1,766	2,509,476	2,507,710
Other Operating	(693,271)	\$ (1,857)	691,414
<b>Total</b>	<b>\$ 6,404,517</b>	<b>\$ 7,170,253</b>	<b>\$ 765,736</b>

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**Current Year Revisions.** The College requests \$111.9 million, \$2.8 million more than enacted from tuition and fees including the enacted level of general revenues. At the May 2, 2011 Board of Governors' for Higher Education meeting, the Board approved tuition raises for in-state students by \$282 and out-of-state by \$676. However, the College's FY 2012 budget request, upon which the enacted budget is based, included no tuition increases.

The College requests \$3.5 million more for salaries and benefits of which \$4.1 million is reduced turnover. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms. In addition, the College assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Of the 827.6 authorized positions, the College had 37.3 vacant positions as of the January 12, 2012 pay period. *The Governor recommends \$1.6 million less from general revenues to reflect adjustments to debt service expenditures and distribution of the medical benefit savings.*

**New Staff.** Unrestricted expenditures increase \$0.9 million to fund 10.0 new faculty and staff positions across all disciplines. The College has not yet determined where the 8.0 faculty positions will be utilized; 2.0 of the positions are for a Director of Admissions and an Administrative Assistant to the President. *The Governor recommends funding as requested.*

**All Other Salaries and Benefits.** Unrestricted expenditures for all other salaries and benefits total \$81.7 million and are \$3.7 million or 4.5 percent greater than the FY 2012 allocation. Of the \$3.7 million increase, 37.0 percent or \$1.4 million reflects updated benefit rates consistent with the Budget Office planning values.

The College's request also includes medical benefit changes to the employee medical co-share rates. Part of the contract negotiations includes employee co-shares. The request includes rate increases pending the resolution of the contract negotiation. In addition, the College indicates that contract negotiations are ongoing and it does not want to divulge information regarding the percent or dollar amount it used as a placeholder for the cost-of-living adjustment. The contract for relevant employees expired on June 30th, 2010 and was extended for one-year at current employee rates.

*The Governor recommends \$1.0 million less than requested. This includes \$2.7 million in savings from retirement changes. Budget Office documents indicate that the budget does not assume any changes to employee medical cost sharing or cost-of-living adjustments. These reductions are offset by lower turnover savings.*

**Computer Equipment and Supplies.** The unrestricted budget includes \$2.1 million for computers and software at the College. This is \$0.3 million or 14.2 percent less than the revised allocation. The College indicates that expenses were eliminated for computers and software in order to achieve savings. *The Governor recommends funding as requested.*

**Student Aid.** The budget includes \$13.7 million for student aid, which is \$0.2 million or 1.4 percent greater than the FY 2012 allocation and \$1.7 million or 14.0 percent greater than FY 2011 expenditures to reflect an increase in enrollment. The College indicates student aid increased because the College wants to support student's accessibility and affordability to higher education.

The \$0.3 million increase is an increase in Rhode Island College grants offset by the decrease in the Preparatory Enrollment Program. Rhode Island College Grants are college grants ranging from \$100 to \$10,000 that are awarded by the Office of Student Financial Aid to students with demonstrated financial need. The expenses for the Preparatory Enrollment Program are projected to decrease by \$0.3 million because prior to fall 2011, Preparatory Enrollment Program students were given a commitment that the College would meet full need with grant funds for the first two years. *The Governor recommends \$0.2 million more than requested for student aid to provide funding at the enacted level.*

**Utilities.** The unrestricted budget includes \$2.9 million for utility costs. This is \$0.2 million or 6.8 percent less than the revised allocation to reflect anticipated expenditures. *The Governor recommends funding as requested.*

**Debt Service.** The unrestricted budget includes \$2.9 million for debt service expenditures, which is \$1,766 more than the revised allocation. *The Governor recommends \$2.5 million more than requested to reflect updated estimates.*

**Other Operating.** Excluding the items noted previously, the unrestricted budget includes \$11.3 million for all other operating expenditures, which includes a decrease of \$0.7 million compared to the revised allocation. The majority of the decrease is in operating adjustments for building maintenance and repairs and miscellaneous expenses for library electronic resources and educational and recreational equipment. The decrease of \$0.1 million for contractual services is for audit, medical services and training and educational services for the College. The College indicates that the request is consistent with projected expenditures. *The Governor recommends \$0.7 million more than requested. It appears that his intent is to retain all available non-general revenue resources by providing funds from retirement savings for other unidentified uses.*

**Restricted Budget.** The restricted budget request is for \$45.8 million, which is \$0.7 million or 1.5 percent less than the enacted FY 2012 budget. It is \$9.9 million less or 21.6 percent less than the FY 2012 revised allocation. Compared to the enacted budget, the request includes \$1.1 million more for salaries and benefits, \$0.1 million more for contracted services, \$5,819 more for debt service, \$0.5 million more in grants, \$1.3 million less for capital expenditures and \$1.1 million less for operating expenditures.

The request includes 3.0 new positions at the Donovan Dining Center and updated benefit rates consistent with the Budget Office planning values. The additional positions would provide staffing at the East Campus Café, which opened in the fall of 2010. The College indicates that the 3.0 positions would allow for increased flexibility for staffing and meet student and faculty needs. The request also includes a \$12.2 million for grants. This is \$0.5 million more than enacted and \$0.5 million less than

the FY 2012 allocation. The College reports that it is projecting a decrease in Pell student aid of \$0.5 million from the FY 2012 allocation due to ongoing discussions that the eligibility formula is changing.

The College requests \$0.1 million more for student dining to reflect an increase in food, cleaning and utilities. The College is projecting a 3.0 percent or \$120 increase for meal plans at the dining center. The student union increase of \$0.1 million reflects the expenditures on various programs for students. Some of these programs include movie nights, speakers on health, finances, social issues, cultural trips, and webinars on raising awareness of ecological issues and encourage environmentally responsible behavior. The College bookstore is projecting a 9.4 percent decrease in expenditures over the current year to be more in line with actual spending for FY 2011.

The College requests total funding of \$3.1 million for capital projects, which is \$1.2 million less than enacted for the new art center advanced planning which is scheduled to be completed in FY 2012 offset by \$0.1 million from asset protection funds. The approved capital plan includes \$3.0 million for FY 2013. The College indicates that renovations of bathroom facilities in Browne and Thorp Halls, as well as a feasibility study to identify ongoing improvements for residence halls on campus will be completed in FY 2013. The College requests total funding of \$2.4 million for debt service, which is \$5,819 more than the FY 2012 enacted budget.

*The Governor recommends \$1.0 million from Rhode Island Capital Plan funds for the infrastructure modernization project. The Governor also inadvertently adds \$1.6 million more than required for debt service payments. He does not recommend the 3.0 new positions for the Donovan Dining center.*

## Community College of Rhode Island

Community College of Rhode Island	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 80,767,185	\$ 82,500,415	\$ 88,058,213	\$ 86,261,057
Contracted Services	1,572,439	1,746,799	1,850,986	1,850,986
<b>Subtotal</b>	<b>\$ 82,339,624</b>	<b>\$ 84,247,214</b>	<b>\$ 89,909,199</b>	<b>\$ 88,112,043</b>
Other State Operating	22,569,360	20,226,897	22,034,885	21,734,996
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	26,876,631	28,464,405	28,868,984	28,929,991
Capital	4,251,855	8,597,485	728,630	3,136,797
Capital Debt Service	1,700,948	1,700,948	1,705,311	3,301,374
Operating Transfers	201,618	2,132,918	2,120,778	70,778
<b>Total</b>	<b>\$ 137,940,036</b>	<b>\$ 145,369,867</b>	<b>\$ 145,367,787</b>	<b>\$ 145,285,979</b>
<b>Sources of Funds</b>				
General Revenue	\$ 46,295,580	\$ 46,295,580	\$ 46,863,426	\$ 46,781,618
Tuition and Fees	49,821,341	49,821,341	54,810,862	54,810,862
Other Unrestricted	4,502,103	4,502,103	4,242,036	3,434,011
<b>Total Unrestricted</b>	<b>\$ 100,619,024</b>	<b>\$ 100,619,024</b>	<b>\$ 105,916,324</b>	<b>\$ 105,026,491</b>
<b>Restricted</b>	<b>37,321,012</b>	<b>44,750,843</b>	<b>39,451,463</b>	<b>40,259,488</b>
<b>All Sources</b>	<b>\$ 137,940,036</b>	<b>\$ 145,369,867</b>	<b>\$ 145,367,787</b>	<b>\$ 145,285,979</b>
<b>FTE Authorizations</b>				
	<b>754.1</b>	<b>754.1</b>	<b>754.1</b>	<b>754.1</b>
<i>Limited to Third-Party Funds</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<b>Total</b>	<b>854.1</b>	<b>854.1</b>	<b>854.1</b>	<b>854.1</b>

**Summary.** The Community College requests \$145.4 million from all sources and 854.1 full-time equivalent positions for FY 2013. This is an increase of \$7.4 million or 5.1 percent over the FY 2012 enacted budget and \$2,080 less than the FY 2012 revised allocation. The staffing request is consistent with the enacted budget assumes that 100.0 of the total positions would be limited to funding from third party sources.

*The Governor recommends \$145.3 million, which is \$7.4 million more than enacted and \$0.1 million less than requested. The recommendation includes \$46.8 million from general revenues, which is \$4.6 million more than enacted and \$0.1 million less than requested. The Governor recommends the enacted level of 854.1 full-time equivalent positions.*

**Tuition and Enrollment.** The FY 2013 budget assumes that tuition and fees would increase 7.5 percent or \$274 for resident students and 7.8 percent or \$766 for non-resident students. FY 2013, the Community College is projecting 10,523 full-time equivalent students, 21 fewer students than the FY 2012 allocation. *The Governor recommends funding as requested. It appears that his intent is to retain all available non-general revenue resources; he provides funding made available from retirement savings for other unidentified uses.*

<b>College Undergraduate Tuition and Fees</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Change to FY 2012</b>	
<b>Resident</b>				
Tuition	\$ 6,240	\$ 6,530	\$ 290	4.6%
Fees	1,028	1,028	-	0.0%
<b>Total</b>	<b>\$ 7,268</b>	<b>\$ 7,558</b>	<b>\$ 290</b>	<b>4.0%</b>
<b>Nonresident</b>				
Tuition	\$ 16,526	\$ 17,228	\$ 702	4.2%
Fees	1,028	1,028	-	0.0%
<b>Total</b>	<b>\$ 17,554</b>	<b>\$ 18,256</b>	<b>\$ 702</b>	<b>4.0%</b>
<b>Room and Board</b>				
Average Room	\$ 5,266	\$ 5,424	\$ 158	3.0%
Average Board	3,990	4,110	120	3.0%
<b>Average Room and Board</b>	<b>\$ 9,256</b>	<b>\$ 9,534</b>	<b>\$ 278</b>	<b>3.0%</b>
<b>Undergraduate and Graduate Enrollment</b>				
In-State	6,280	6,280	-	0.0%
Out-of-State	865	860	(5)	-0.6%
<b>Total</b>	<b>7,145</b>	<b>7,140</b>	<b>(5)</b>	<b>-0.1%</b>

**Program Consolidations and Eliminations.** The Community College reports that since 2008, it has eliminated two programs. In the past year, the Community College has begun a new certificate program aimed at workers in transition.

**Staffing.** The FY 2012 enacted budget includes authority to fill 854.1 full-time equivalent positions, provided that 100.0 of those positions would be limited to third-party sources. The FY 2013 request is consistent with the enacted authorization. As of the pay period ending December 17, 2011, the Community College had 81.2 vacant positions and 51.7 vacant third-party funded positions. *The Governor recommends the enacted level of positions.*

**Unrestricted Budget Summary.** The unrestricted budget accounts for \$105.9 million, which is \$5.3 million or 5.0 percent more than the enacted budget and revised allocation. Sources of funds for the increase to the revised allocation include \$0.6 million more from general revenues, \$5.0 million more from tuition and fees and \$0.3 million less from other unrestricted sources. Historically, the Board submits a current service budget in addition to the target budget required by the Budget Office. This year, the Budget Office instructed departments and agencies to submit a current service budget. *The Governor recommends \$105.0 million in unrestricted expenditures. This is \$4.4 million more than enacted and \$0.9 million less than requested.*

<b>Community College Changes to Enacted</b>	<b>Request</b>	<b>Governor</b>	<b>Difference</b>
Current Year Revisions	-	(694,449)	(694,449)
Salaries and Benefits	5,375,626	3,961,566	(1,414,060)
Student Aid	305,229	366,056	60,827
Facility Renovations	(2,165,319)	(1,877,819)	287,500
Program Supplies and Equipment	370,164	370,164	-
Energy Performance Contract	625,000	-	(625,000)
Other Debt Service	-	788,038	788,038
Other Operating	786,600	1,493,911	707,311
<b>Total</b>	<b>\$ 5,297,300</b>	<b>\$ 4,407,467</b>	<b>\$ (889,833)</b>

**Current Year Revisions.** The Community College requests \$100.6 million, consistent with the FY 2012 enacted budget for unrestricted expenditures. The Community College requests \$2.0 million more for salaries and benefits of which \$2.1 million is reduced turnover. All of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms. In addition, the College assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Of the 754.1 authorized positions, the Community College had 75.2 vacant positions as of the January 12, 2012 pay period.

Capital improvements reflect an increase of \$1.6 million for the Warwick campus theater renovations, biology labs and costs associated with fire safety projects that were either over the amount of federal funding or unallowable under federal funds in FY 2012. Renovations to the Warwick campus theater and biology labs are in the planning and development stage. These additional costs are offset by the decrease in building supplies, maintenance and repairs and utilities to be more reflective of the actual experience. *The Governor recommends \$136,805 less from general revenues from the medical benefit holiday.*

**Salaries and Benefits.** Unrestricted expenditures for salaries and benefits total \$82.8 million, which is \$5.4 million or 6.5 percent more than the FY 2012 allocation. Of the \$5.4 million increase, 27 percent or \$1.4 million reflects updated benefit rates consistent with the Budget Office planning values. The Community College's request also includes an increase for medical benefits to reflect updated costs and increased employee cost sharing. Part of the ongoing contract negotiations includes employee co-share rates. In addition, the Community College assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. The request includes rate increases pending the resolution of the contract negotiations. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms.

*The Governor recommends \$1.4 million less than requested. This includes \$3.3 million in savings from retirement changes. Budget Office documents indicate that the budget does not assume any changes to employee medical cost sharing or cost-of-living adjustments. These reductions are offset by lower turnover savings.*

**Student Aid.** The unrestricted budget includes \$3.6 million for student aid, which is \$0.3 million or 8.3 percent more than the FY 2012 allocation and \$0.9 million or 15.4 percent less than FY 2011 expenditures. The request reflects a \$0.2 million increase in unemployment waivers and \$0.1 million for the Community College scholarship fund. Rhode Island residents receiving unemployment benefits may be eligible for a waiver of tuition and registration fee if the state resident has a household income less than three times the federal poverty level, and has not been claimed as a dependent for federal income tax purposes. The Community College indicates the increase in the existing scholarship fund is for students that do not qualify for Pell grants. *The Governor recommends \$60,827 more than requested to provide the enacted level of funding.*

**Facility Renovations.** The unrestricted budget includes \$0.7 million or \$2.2 million less than the revised allocation for capital improvements on the Community College's campuses. Capital improvements include Warwick theater renovations, biology labs and costs associated with fire safety projects that were either over the amount of federal funding or unallowable under federal funds in FY 2012. Renovations to the Warwick theatre and biology labs are in the planning and development stage. The Community College indicates that in order to meet anticipated revenues, the Community College will have to delay some of the facility projects. *The Governor recommends \$287,500 more than*

*requested. It appears that his intent is to retain all available resources by providing funds from retirement savings for other unidentified uses.*

**Program Supplies and Equipment.** The unrestricted budget includes \$2.4 million for program supplies and equipment. This is \$0.4 million or 16.6 percent more than the revised allocation to reflect anticipated expenditures. The Community College indicates that the increase is due to replace old lab equipment and furniture as needed. *The Governor recommends funding as requested.*

**Energy Performance Contract.** The unrestricted budget inadvertently includes \$1.3 million for the debt service payments for the energy performance contract at the Community College. This is \$0.6 million or 50.0 percent more than the revised allocation and is considered a restricted expenditure. Energy service contracts guarantee that savings in utility costs will be sufficient to pay for the debt service on the cost of the replacement of antiquated and inefficient equipment. The Community College indicates that implementation for energy savings began in September 2011. *The Governor recommends funding as requested and shows it as a restricted expenditure.*

**Other Debt Service.** The unrestricted budget includes \$1.7 million for debt service expenditures. This is level with the revised allocation. *The Governor recommends \$0.8 million more than requested to reflect updated estimates.*

**Other Operating.** Excluding the items noted previously, the request includes \$13.6 million for all other operating expenditures, which is \$0.8 million or 5.9 percent more than the revised allocation. The majority of the increases are in general operating expenditures for building maintenance, licensing agreements for technology applications, and building supplies. The Community College also requests \$0.1 million more for contracted services for audit services, architectural and engineering services, training services and building contracts. The Community College indicates that maintenance and repair of the four campuses is constant and there are also several maintenance contracts for preventative maintenance for elevators, kitchen equipment and HVAC systems. *The Governor recommends \$0.7 million more than requested. It appears that his intent is to retain all available non-general revenue resources by providing funds from retirement savings for other unidentified uses.*

**Restricted Budget.** The restricted budget request is for \$38.4 million, which is \$2.0 million or 5.2 percent more than the FY 2012 enacted budget and \$5.3 million or 13.8 percent less than the FY 2012 revised allocation. Capital project expenditures are \$2.0 million less than enacted. Salaries and benefits are \$0.1 million less than enacted. Student aid is \$1.8 million more than enacted and operating expenditures are \$0.5 million more than enacted. Contracted services are \$4,353 less than enacted.

The Community College requests \$37.3 million for restricted operating expenditures, which is \$2.2 million more than the enacted primarily from student aid updated benefit rates consistent with the Budget Office planning values. The request includes a \$1.8 million increase in Pell grant awards. The Community College reports that it has more eligible students resulting from current economic conditions and a high unemployment rate. A change in federal regulations now allows students to receive Pell awards during the summer without a reduction in their awards for the academic year. Bookstore operations have increased as enrollment has increased over time as well as the benefit of student financial aid. Part of a student's financial aid package can be for textbooks usable only at the bookstore. The Community College requests total funding of \$2.0 million for capital projects, which is \$42,899 more than enacted for asset protection funds.

Community College requests total funding of \$29,123 for debt service, which is \$4,363 more than the FY 2012 enacted budget for the bookstore. *The Governor's recommendation is \$0.8 million more than requested to reflect debt service for the energy conservation project.*

**Workforce Development Initiative.** The restricted budget request includes \$0.1 million to fund 2.0 full-time equivalent positions to work on development initiatives at the Community College. The 2010 Assembly added \$240,000 from Human Resource Investment Council restricted receipts for three new positions to work on development initiatives at the Community College. The Community College did not hire the 3.0 full-time equivalent positions to work on development initiatives until the third quarter of FY 2011. Shortly after filling all 3.0 positions, 1.0 resigned and the director has decided to keep the position vacant. *The Governor recommends funding as requested.*



## Rhode Island Council on the Arts

	FY 2012 Enacted	FY 2012 Rev. Rec.	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 838,688	\$ 833,229	\$ 953,184	\$ 852,996
Contracted Services	30,000	30,000	30,000	30,000
<b>Subtotal</b>	<b>\$ 868,688</b>	<b>\$ 863,229</b>	<b>\$ 983,184</b>	<b>\$ 882,996</b>
Other State Operations	106,011	112,992	111,824	125,856
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,712,227	1,712,227	1,712,227	1,611,671
Capital	400,000	1,183,000	808,500	808,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 3,086,926</b>	<b>\$ 3,871,448</b>	<b>\$ 3,615,735</b>	<b>\$ 3,429,023</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,678,862	\$ 1,673,875	\$ 1,773,441	\$ 1,586,729
Federal Aid	973,064	979,573	998,794	998,794
Restricted Receipts	-	-	-	-
Other	435,000	1,218,000	843,500	843,500
<b>Total</b>	<b>\$ 3,086,926</b>	<b>\$ 3,871,448</b>	<b>\$ 3,615,735</b>	<b>\$ 3,429,023</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>

**Summary.** The Rhode Island Council on the Arts requests \$3.6 million, or \$0.5 million more than enacted from all sources including \$94,579 more from general revenues, \$25,730 more from federal funds, and \$0.4 million more from expenditures for the acquisition of art works to be placed in public places in the state. The staffing request is 8.6 full-time equivalent positions, consistent with the enacted level. *The Governor recommends \$3.4 million from all sources, including \$1.6 million from general revenues, \$1.0 million from federal funds and \$0.8 million from other funds. He recommends the enacted level of 8.6 positions.*

**Film and TV Office.** The Council requests \$340,092 from general revenues which is \$36,787 more than enacted for the Film and TV Office and its 2.6 full-time equivalent positions. This includes \$33,962 more than enacted for salaries and benefits and \$2,825 to pay for the lease on a copy machine that the Council acquired in 2009, but has not included in previous budgets. The cost of the machine is shared equally by the Film and TV Office and the rest of the Council. The request includes \$3,409 more for medical benefits which appears to be an error as it does not properly reflect medical co-pays. The Council's revised request also makes this error. The request includes the enacted level of 2.6 full-time equivalent positions. *The Governor recommends \$305,409 from general revenues, which is \$34,683 less than requested to correctly reflect benefits including updated retirement rates.*

**Salaries and Benefits.** The Council requests \$644,926, which is \$80,534 more than enacted for salaries and benefits for 6.0 positions serving all other functions. This includes \$54,804 more from general revenues and \$25,730 more from federal funds. This includes a two-step salary increase for the

Organization and Public Arts Manager. The request includes \$20,122 more for medical benefits which appears to be an error as it does not properly reflect medical co-pays. The Council's revised request also makes this error. *The Governor recommends \$69,210 less than requested to correctly reflect benefits including updated retirement rates.*

**All Other Operating Costs.** The Council requests \$37,990 which is \$2,988 more than enacted from general revenues in order to pay the lease on a copy machine that the Council purchased in 2009. According to the Council, the total cost of maintaining the copy machine is \$6,236 annually, which includes copier rental and maintenance. Combined with \$2,825 in operating funds from the Film and TV Office requested for this lease, this appears to be \$423 less than the Council would need.

*The Governor recommends \$92,727 including \$74,121 from general revenues and \$17,606 from federal funds, which is \$17,737 more than requested for all other operating costs. The Governor recommends shifting \$12,409 in federal fund savings achieved through health co-share benefits to operating costs.*

**Percent for Arts Program.** The Council's request includes \$843,500 which is \$408,500 more than enacted for arts projects at the Division of Motor Vehicles, Intermodal Station, the University of Rhode Island, Wickford Junction, and Block Island Airport. The request includes \$20,000 for costs associated with posting and choosing requests for proposals. The increase is for additional projects being planned for the new University of Rhode Island College of Pharmacy and a medicinal garden at the new University of Rhode Island Environmental Biotechnology Center. A Division of Motor Vehicles project will be completed in FY 2012. *The Governor recommends funding as requested.*

**Community Service Grants.** The Council requests the enacted level of \$362,227 from general revenues for community service grants. These grants are appropriated by the General Assembly with a designated agency and amount. It should be noted that the Arts and Business Council, an organization that is budgeted to receive \$6,314 in community service grants in FY 2012 is in bankruptcy and receivership. *The Governor recommends savings of \$90,556 by reducing all community service grants by 25.0 percent. He did not eliminate the grants to agencies in bankruptcy.*

**Council Grants.** The Council requests the enacted level of \$1,350,000 from all sources for discretionary grants. This includes \$600,000 from general revenues and \$750,000 from federal funds. 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 recommends \$590,000 from general revenues, which is \$10,000 less than enacted for Council grants.*

## Rhode Island Atomic Energy Commission

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,008,283	\$ 1,031,318	\$ 1,125,726	\$ 1,062,124
Contracted Services	43,907	21,191	43,907	15,191
<b>Subtotal</b>	<b>\$ 1,052,190</b>	<b>\$ 1,052,509</b>	<b>\$ 1,169,633</b>	<b>\$ 1,077,315</b>
Other State Operations	389,336	257,392	240,236	240,236
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	70,000	84,486	122,000	72,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,511,526</b>	<b>\$ 1,394,387</b>	<b>\$ 1,531,869</b>	<b>\$ 1,389,551</b>
<b>Sources of Funds</b>				
General Revenue	\$ 879,592	\$ 877,459	\$ 1,005,872	\$ 876,213
Federal Aid	324,104	183,752	180,216	180,216
Restricted Receipts	-	-	-	-
Other	307,830	333,176	345,781	333,122
<b>Total</b>	<b>\$ 1,511,526</b>	<b>\$ 1,394,387</b>	<b>\$ 1,531,869</b>	<b>\$ 1,389,551</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>

**Summary.** The Rhode Island Atomic Energy Commission requests \$1.5 million and 8.6 full-time equivalent positions for FY 2013. This is \$20,343 more than enacted including \$126,280 more from general revenues, \$143,888 less from federal funds and \$37,951 more from University of Rhode Island sponsored research funds. This is \$50,753 more than the Budget Office current services target.

*The Governor recommends \$1.4 million from all sources. This is \$121,975 less than enacted and \$142,318 less than requested. General revenues are \$3,379 less than enacted and \$129,659 less than requested. He recommends the enacted level of 8.6 full-time equivalent positions.*

**Salaries and Benefits.** The Commission's request for salaries and benefits includes \$1.1 million, which is \$117,443 more than enacted, including \$132,191 more from general revenues and \$14,748 less from University of Rhode Island sponsored research. The Commission requests three student interns and mistakenly includes benefits for each student intern. The three student interns' salaries are \$26,676, which causes all benefit calculations to be inflated by \$14,672.

The Commission's request includes \$86,095 for salaries and benefits to reflect step increases, benefit rate changes and an employee changing medical benefits, including \$100,843 more from general revenues. It should be noted that the Commission's FY 2013 request includes turnover savings of \$77,124; however, the Commission is unlikely able to achieve this and includes this only to meet the Budget Office target.

*The Governor recommends \$63,602 less than requested including \$120,989 less from general revenues to reflect general revenue expenses to University of Rhode Island sponsored research funds to correct the allocation of costs and savings based on new retirement rates. The Governor's recommendation provides funding for 8.6 full-time equivalent positions and three student interns.*

**Nuclear Energy University Program Grant.** The Commission requests \$112,600 for the Nuclear Energy University Program grant, which is \$134,400 less than enacted. The Commission was awarded a grant for \$246,980 in FY 2010 from the Department of Energy for the Nuclear Energy University program for energy research and equipment upgrades to the reactor. The Commission historically requests more funding than available to prevent overspending. The Commission indicates that it was awarded an additional \$150,000 for upgrades to the reactor in September 2011. *The Governor recommends funding as requested.*

**Other Operations.** The Commission's request includes \$193,543 for operating expenses, which is \$12,700 less than enacted from all funds, including \$5,911 less from general revenues. The general revenue decrease reflects a lower insurance cost based on historical spending. The FY 2012 enacted budget includes \$19,671; historically the Commission adjusts expenses to reflect revised insurance costs. The revised request includes \$12,770 for insurance expenses. The federal funds reduction of \$9,488 reflects reductions in maintenance and repairs for the classroom offset by an increase in travel expenses for staff development, office supplies and computer equipment.

*The Governor recommends \$164,827, which is \$28,716 less than requested including \$8,670 less from general revenues. The Governor shifts general revenues to University of Rhode Island sponsored research funds to correctly reflect the allocation of costs and reallocates \$28,716 to salaries and benefits for three student interns.*

**Capital.** The Assembly has been providing \$50,000 from Rhode Island Capital Plan funds annually for asset protection projects since FY 2008. The FY 2012 enacted budget includes \$50,000; the request adds \$50,000 in error. *The Governor recommends \$50,000 from Rhode Island Capital Plan funds.*

## Rhode Island Higher Education Assistance Authority

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Scholarship and Grant Program	\$ 6,085,230	\$ 5,911,798	\$ 6,077,730	-
Loans Program	13,336,197	13,034,719.00	13,724,716	-
Tuition Savings Program	7,990,720	8,974,173.00	7,779,337	-
<b>Total</b>	<b>\$ 27,412,147</b>	<b>\$ 27,920,690</b>	<b>\$ 27,581,783</b>	<b>\$ -</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,718,205	\$ 3,261,223	\$ 4,076,180	-
Contracted Services	7,508,100	7,508,100	7,508,100	-
<b>Subtotal</b>	<b>\$ 11,226,305</b>	<b>\$ 10,769,323</b>	<b>\$ 11,584,280</b>	<b>\$ -</b>
Other State Operations	3,002,713	2,895,500	2,986,500	-
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	12,683,129	13,755,867	12,511,003	-
Capital	500,000	500,000.00	500,000	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 27,412,147</b>	<b>\$ 27,920,690</b>	<b>\$ 27,581,783</b>	<b>\$ -</b>
<b>Sources of Funds</b>				
General Revenue	\$ 5,913,104	\$ 5,911,798	\$ 6,077,730	-
Federal Aid	13,508,323	13,034,719	13,724,716	-
Restricted Receipts	-	-	-	-
Other	7,990,720	8,974,173	7,779,337	-
<b>Total</b>	<b>\$ 27,412,147</b>	<b>\$ 27,920,690</b>	<b>\$ 27,581,783</b>	<b>\$ -</b>
<b>FTE Authorization</b>	<b>41.6</b>	<b>41.6</b>	<b>41.6</b>	<b>-</b>

**Summary.** The Rhode Island Higher Education Assistance Authority requests \$27.6 million from all sources of funds and 41.6 full-time equivalent positions. This includes \$0.2 million more from general revenues, \$0.2 million less from tuition savings funds and \$0.2 million more from federal funds. The Authority requests 41.6 full-time equivalent positions, the same as enacted. The Budget Office instructed the Authority to submit a current service budget of \$6.2 million.

*The Governor recommends Sections 1 and 2 of Article 4 of 2012-H 7323 to merge the Rhode Island Higher Education Assistance Authority into the Board of Governors' for Higher Education. His budget transfers 39.6 positions and \$27.7 million including \$5.6 million from general revenues to the Board.*

**Need Based Scholarships and Grants.** The Authority requests the enacted level of \$12.5 million for scholarships and need-based grants in FY 2013. This includes \$5.5 million from general revenues, \$250,000 more than enacted, and \$7.0 million from tuition savings funds, \$250,000 less than the enacted level. The request includes additional general revenues; however, it appears the Authority will have a \$2.0 million surplus and a surplus of \$1.0 million if the Academic Promise program is funded

for FY 2013. The 2011 Assembly reduced general revenues for need based scholarships and grants by \$250,000 and used tuition savings fees instead; the request restores this general revenue reduction. These funds come from 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. *The Governor recommends \$13.2 million for need based scholarships; however, he transfers all funding from the Authority's budget to the Office of Higher Education.*

<b>Scholarships and Grants</b>				
	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Request Chg to Enacted</b>	<b>FY 2013* Recommended</b>
<b>Uses</b>				
<b>Need Based Scholarships and Grants</b>				
General Revenues	\$ 5,261,003	\$ 5,511,003	\$ 250,000	\$ 5,161,003
Tuition Savings Fees	7,250,000	7,000,000	(250,000)	7,250,000
<i>Subtotal</i>	<i>\$ 12,511,003</i>	<i>\$ 12,511,003</i>	<i>\$ -</i>	<i>\$ 12,411,003</i>
<b>Other Grant Programs</b>				
Academic Promise	\$ -	\$ -	\$ -	\$ 750,000
Matching Grant	-	-	-	-
LEAP/SLEAP	172,126	-	(172,126)	-
<i>Subtotal</i>	<i>\$ 172,126</i>	<i>\$ -</i>	<i>\$ (172,126)</i>	<i>\$ 750,000</i>
<b>Total</b>	<b>\$ 12,683,129</b>	<b>\$ 12,511,003</b>	<b>\$ (172,126)</b>	<b>\$ 13,161,003</b>
<b>Sources</b>				
General Revenues	\$ 5,261,003	\$ 5,511,003	\$ 250,000	\$ 5,161,003
Federal Funds	172,126	-	(172,126)	-
Tuition Savings Fees	7,250,000	7,000,000	(250,000)	8,000,000
<b>Total</b>	<b>\$ 12,683,129</b>	<b>\$ 12,511,003</b>	<b>\$ (172,126)</b>	<b>\$ 13,161,003</b>

\*Funding is now shown in the Office of Higher Education budget

**Leveraging Education Assistance Partnership.** The Authority excludes the \$0.2 million from Leveraging Education Assistance Partnership funds in the enacted budget as the federal government no longer funds this program. *The Governor concurs.*

**Academic Promise Scholarship Program.** The Authority did not request funding for the Academic Promise Scholarship program in its request but would like the Governor to include \$1.0 million for this program in his recommendation. The Authority would fund the program with \$1.0 million from tuition savings revenues. The projected FY 2013 tuition savings program reflects a closing surplus \$2.0 million, based on the Authority's request. *The Governor recommends \$750,000 for the Academic Promise Scholarship program; however, he transfers all funding from the Authority's budget to the Office of Higher Education.*

**Salaries and Benefits.** The FY 2013 request includes \$4.1 million from all funds for salaries and benefits for 41.6 full-time equivalent positions. This is \$0.4 million more than enacted including \$85,374 less from general revenues, \$403,995 more from federal funds and \$39,354 more from tuition savings funds. The request assumes the planning values provided by the Budget Office, no turnover savings and minor adjustments in allocation among sources of funds consistent with the revised allocation. The Authority has an average of 31.1 of its 41.6 authorized full-time equivalent positions filled as of the November 25<sup>th</sup> pay period. *The Governor recommends \$2.7 million for salaries and benefits; however, he transfers all funding from the Authority's budget to the Office of Higher Education.*

**Other Operations.** Consistent with its FY 2012 revised request, the Authority requests a decrease of \$16,213 for all other operations for FY 2013. This includes \$15,476 less from federal funds and \$737 less from tuition savings funds to reflect anticipated expenditures. *The Governor recommends \$11.0 million for all other operations; however, he transfers all funding from the Authority's budget to the Office of Higher Education.*



## Historical Preservation and Heritage Commission

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,726,609	\$ 1,626,308	\$ 1,846,397	\$ 1,655,323
Contracted Services	13,785	5,675	5,750	5,750
<b>Subtotal</b>	<b>\$ 1,740,394</b>	<b>\$ 1,631,983</b>	<b>\$ 1,852,147</b>	<b>\$ 1,661,073</b>
Other State Operations	177,579	99,353	179,005	144,440
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	935,125	935,137	935,137	894,988
Capital	16,075	90,000	15,000	90,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,869,173</b>	<b>\$ 2,756,473</b>	<b>\$ 2,981,289</b>	<b>\$ 2,790,501</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,469,797	\$ 1,337,855	\$ 1,561,726	\$ 1,370,938
Federal Aid	846,195	886,047	886,057	886,057
Restricted Receipts	478,181	457,571	458,506	458,506
Other	75,000	75,000	75,000	75,000
<b>Total</b>	<b>\$ 2,869,173</b>	<b>\$ 2,756,473</b>	<b>\$ 2,981,289</b>	<b>\$ 2,790,501</b>
<b>FTE Authorization</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>

**Summary.** The Historical Preservation and Heritage Commission requests \$3.0 million from all sources, which is \$112,116 more than the FY 2012 enacted budget. The request includes \$1.6 million from general revenues, \$0.9 million from federal sources, \$0.5 million from restricted receipts and \$0.1 million from Rhode Island Capital Plan funds. The Commission requests 16.6 full-time equivalent positions.

The request is \$15,151 below the Budget Office current service target.

*The Governor recommends expenditures of \$2.8 million from all sources or \$0.1 million less than enacted and \$0.2 million less than requested. This includes \$98,859 less than enacted from general revenues and the enacted level of 16.6 full-time equivalent positions.*

**Salaries and Benefits.** The Commission requests \$1.8 million from all sources for salaries and benefits, which is \$0.1 million more than enacted. This includes increases of \$88,790 from general revenues and \$39,867 from federal sources offset by \$8,869 less from restricted receipts. The Commission's request reflects turnover savings of \$113,727 achieved from maintaining one vacancy for the entire fiscal year. These savings were offset by an increase of \$86,824 from what appears to be an error from the inadvertent exclusion of employee co-sharing. The remaining changes reflect step increases and updated benefit rate changes consistent with the FY 2013 planning values.

*The Governor recommends \$71,286 less than enacted from all sources including \$58,849 less from general revenues. This is \$191,074 less than requested including \$147,639 less from general revenues to correctly reflect medical benefits and the updated retirement rates.*

**Eisenhower House.** Excluding salaries and benefits, the Commission requests \$124,110 from general revenues and Rhode Island Capital Plan funds. The request includes \$49,110 from general revenues, which is \$459 more than the enacted to support the continued operation of the facility. The request also includes \$75,000 from Rhode Island Capital Plan funds for ongoing repairs to the building; however, it appears that the Commission requests \$78,400 for FY 2013 in its capital request.

Since FY 2010 the facility has not deposited rental income to the state General Fund sufficient to cover operating and personnel expenses. The Commission estimates revenues of \$115,200 and total expenses of \$153,985, producing an estimated net loss of \$38,785 for FY 2012. *The Governor recommends \$3,000 less from general revenues than requested for building repairs based on the availability of Rhode Island Capital Plan funds.*

**Programs.** The Commission requests \$789,915, which is \$10,811 less than enacted from all sources for other programs. The Commission includes the enacted amount of \$400,000 from restricted receipts for the Historic Preservation Revolving Loan Fund and \$300,000 for the federal Preserve America program. The Commission requests \$89,915 for survey and planning activities, including \$67,065 from federal funds and \$22,850 from restricted receipts. The federal survey and planning funds support historic preservation planning activities in communities throughout the state. The Commission does not include the \$1,016 in enacted expenditures to support the historic homeownership tax credit program. *The Governor recommends \$43,435 more than requested to show non-general revenue sources available from the retirement savings for these programs.*

**Community Service Grants.** The Commission requests the enacted amount of \$160,587 for twenty-nine community service grants. *The Governor recommends reducing community service grants by twenty-five percent, which is equivalent to \$40,149.*

**Other Operations.** The Commission requests \$60,280, which is \$2,680 more than enacted from general revenues for all other operations. This includes expenditures of \$38,765 for general office supplies, which is \$1,550 more than enacted, \$17,000 for the annual Rhode Island Statewide Historic Preservation Conference, \$500 for window cleaning services and \$4,015 for all other miscellaneous expenses, which is \$630 more than enacted. *The Governor recommends funding as requested.*

## Rhode Island Public Telecommunications Authority

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,582,011	\$ 1,537,136	\$ 1,899,457	\$ 1,061,380
Contracted Services	11,700	11,700	11,700	5,850
<b>Subtotal</b>	<b>\$ 1,593,711</b>	<b>\$ 1,548,836</b>	<b>\$ 1,911,157</b>	<b>\$ 1,067,230</b>
Other State Operations	37,461	19,641	15,500	59,824
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,631,172</b>	<b>\$ 1,568,477</b>	<b>\$ 1,926,657</b>	<b>\$ 1,127,054</b>
<b>Sources of Funds</b>				
General Revenue	\$ 947,960	\$ 932,562	\$ 1,224,762	\$ 425,286
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	683,212	635,915	701,895	701,768
<b>Total</b>	<b>\$ 1,631,172</b>	<b>\$ 1,568,477</b>	<b>\$ 1,926,657</b>	<b>\$ 1,127,054</b>
<b>FTE Authorization</b>	<b>15.0</b>	<b>15.0</b>	<b>16.0</b>	<b>14.0</b>

**Summary.** The Public Telecommunications Authority requests \$1.9 million from all sources, including \$1.2 million from general revenues and \$0.7 million from Corporation for Public Broadcasting funds. This is \$0.3 million more than enacted, including \$276,802 more from general revenues and \$18,683 more from Corporation for Public Broadcasting funds and 1.0 more full-time equivalent position.

*The Governor recommends \$1.1 million from all sources, including \$0.4 million from general revenues and \$0.7 million from Corporation for Public Broadcasting funds. He recommends ending State support for the Authority effective January 1, 2013 and includes legislation in Article 3. The budget does not assume elimination of the Authority; however, it does expect that it will partner with outside institutions or community groups for resources. He includes 14.0 full-time positions, which is 1.0 less than the enacted authorization.*

**Director of Finance and Administration.** The Authority requests \$164,363 from general revenues and 1.0 new full-time equivalent position for a new Director of Finance and Administration position for a full year. The Authority indicates that it has not posted the position and has yet to set a date for hire. The 2011 Assembly reduced general revenues by \$150,000 and eliminated authorization for that vacant position. *The Governor does not recommend funding this position.*

**All Other Salaries and Benefits.** The Authority's request includes \$1.7 million from all sources, including \$1.0 million from general revenues and \$0.7 million from Corporation for Public

Broadcasting funds. The request is \$153,083 more than enacted from all sources, including \$112,439 more from general revenues and \$40,644 more from Corporation for Public Broadcasting funds. The request includes updated benefit rates consistent with the FY 2013 planning values. The Authority is shifting funding from Corporation for Public Broadcasting funds to general revenues to fund increased salary and benefit costs.

*The Governor recommends \$1.1 million from all sources, including \$0.6 million less from general revenues than requested to fund staff through January 1, 2013. His budget assumes the elimination of the Instructional Television Director position, laid off in December, and savings from the pension reform adopted by 2011 Assembly.*

**Operating Expenses.** The Authority's request includes \$27,200 from general revenues for its operating expenses. The enacted budget includes \$49,161 of which \$21,961 is from Corporation for Public Broadcasting funds, which appears to overfund operating expenses. The FY 2013 request reflects actual office expenses based on historical spending. The request is consistent with the FY 2012 revised budget request based on revised spending projections. The Authority requests all Corporation for Public Broadcasting funds be allocated to salaries and benefits.

*The Governor recommends \$38,474 more than requested including \$13,600 less from general revenues for closed captioning services and operating expenses to reflect State support through January 1, 2013. This is offset by \$52,074 for Corporation for Public Broadcasting funds to reflect resources made available from the change in the retirement rate.*

## Office of the Attorney General

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Criminal	\$ 17,009,156	\$ 17,100,689	\$ 17,437,347	\$ 16,330,254
Civil	5,416,183	6,191,898	6,557,352	5,734,060
Bureau of Criminal Identification	1,126,572	1,244,234	1,338,972	1,234,405
General	3,159,135	3,010,130	3,305,751	3,096,063
<b>Total</b>	<b>\$ 26,711,046</b>	<b>\$ 27,546,951</b>	<b>\$ 28,639,422</b>	<b>\$ 26,394,782</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 23,273,493	\$ 22,914,630	\$ 25,443,065	\$ 23,349,826
Contracted Services	503,269	1,495,841	891,377	456,134
<b>Subtotal</b>	<b>\$ 23,776,762</b>	<b>\$ 24,410,471</b>	<b>\$ 26,334,442</b>	<b>\$ 23,805,960</b>
Other State Operations	2,062,426	2,259,045	1,922,177	2,171,194
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	871,858	877,435	382,803	417,628
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 26,711,046</b>	<b>\$ 27,546,951</b>	<b>\$ 28,639,422</b>	<b>\$ 26,394,782</b>
<b>Sources of Funds</b>				
General Revenue	\$ 22,442,867	\$ 23,054,817	\$ 25,555,388	\$ 23,276,324
Federal Aid	2,895,944	2,887,910	1,600,843	1,600,853
Restricted Receipts	1,122,235	1,354,224	1,233,191	1,230,105
Other	250,000	250,000	250,000	287,500
<b>Total</b>	<b>\$ 26,711,046</b>	<b>\$ 27,546,951</b>	<b>\$ 28,639,422</b>	<b>\$ 26,394,782</b>
<b>FTE Authorization</b>	<b>231.1</b>	<b>233.1</b>	<b>233.1</b>	<b>233.1</b>

**Summary.** The Office of the Attorney General's current service request is \$28.6 million from all sources, including \$25.6 million from general revenues. This is \$1.9 million or 7.2 percent more than enacted, including \$3.1 million more from general revenues, \$1.3 million less from federal funds and \$0.1 million more from restricted receipts. The Office requests 233.1 full-time equivalent positions, 2.0 positions above the authorized level.

*The Governor recommends \$26.4 million from all sources, including \$23.3 million from general revenues and 233.1 full-time equivalent positions. This is \$0.3 million less than enacted, \$2.2 million less than requested and 2.0 positions above the authorized level.*

**Background Check Grant.** The Office requests \$171,089 from federal funds to pay for 2.0 fingerprint technician positions to provide assistance in the performance of background check for health care workers providing services to the state's children and elderly. The FY 2012 enacted budget includes \$1.5 million in total grant funds, including \$0.5 million for payroll expenses. The current request assumes \$0.2 million in total grant funds available for FY 2013 for payroll expenses based on

the actual grant award. This is \$1.3 million less than enacted to reflect termination of funds from a one-year grant spread over two fiscal years. The request also adds 2.0 positions above the authorized level. The Office indicates that if additional grant awards are not available at the depletion of the current funds, the positions will require general revenue support for the following fiscal year. *The Governor recommends funding and staffing essentially as requested, but shifts \$12,377 from retirement rate savings to unidentified operating costs.*

**Insurance Advocacy Unit.** The Office requests \$476,848 from general revenues for 4.0 full-time equivalent positions and operating expenses for its insurance advocacy unit. This is \$44,357 more than enacted primarily for updated benefit rates based on the Budget Office planning values. The unit represents, protects and advocates the rights of consumers at insurance rate hearings, addresses health insurance fraud through investigations and reviews ranging from access to health care to fraud and misuse of services. *The Governor recommends \$37,130 less than requested to reflect savings primarily from updated retirement rates.*

**Medicaid Fraud Investigation Unit.** The Office requests \$1.4 million from all funds, including \$0.3 million from general revenues to support 11.0 full-time equivalent positions and operating expenses for its Medicaid fraud and patient abuse unit. This is \$168,842 more than enacted, including \$135,834 for step increases and benefit rate changes based on the Budget Office planning values. The remaining increase of \$33,008 primarily reflects added operating expenses for office maintenance, including computer software and hardware equipment based on projected need. This unit works closely with federal and state authorities to combat fraud in the state Medicaid program and prosecutes cases of abuse, neglect or mistreatment of patients. *The Governor recommends \$25,669 less general revenues than requested to reflect retirement rate savings. He also shifts \$75,323 from other source savings to unidentified operating costs.*

**Office of Health Care Advocate.** The Office requests \$232,827 from general revenues for 1.5 full-time equivalent positions and operating expenses for the Office of Health Care Advocate. This is \$26,891 more than enacted to reflect step increases and benefit rate changes based on the Budget Office planning values. This Office appears as a friend of the court and investigates complaints, advocates for quality and affordable health care services, and educates the public and health care professionals about patients' rights and safety. *The Governor recommends \$18,833 less than requested to reflect retirement rate savings.*

**Public Utilities.** The Office requests \$752,123 from restricted receipts for 5.0 full-time equivalent positions and operating expenses for its public utilities regulatory unit. This is \$136,331 more than enacted to reflect step increases and benefit rate changes based on the Budget Office planning values. The request also includes added expenses for purchased engineering services to ensure compliance in service quality and utility safety measures. Other operating expenses include added costs for computer equipment, mileage reimbursement, and staff travel and training based on projected need. The restricted receipts are generated from the unit's assessment to the regulated utilities.

*The Governor recommends \$2,336 less than requested to reflect a minor reduction for purchased engineering services and computer equipment. He also shifts \$47,036 from retirement rate savings to unidentified operating costs.*

**Current Service Salaries and Benefits.** The Office requests \$22.7 million from all sources, including \$22.2 million from general revenues for all other salaries and benefits. This is \$3.1 million more than enacted, including \$2.3 million from general revenues to reflect step increases and updated benefit rates based on the Budget Office planning values. The FY 2012 enacted budget assumes personnel savings

of \$652,197 which includes \$423,820 in unidentified statewide general revenue savings. This equates to holding 6.1 full-time equivalent positions vacant for FY 2013. The Office's budget request assumes \$387,426 or \$264,771 less than enacted in personnel savings, which equates to holding 3.6 positions vacant for FY 2013. It appears the Office did not correctly calculate benefit rates causing the request to be overstated by \$17,029. Currently, the Office is averaging 225.7 filled positions or 5.4 positions below the authorized level.

*The Governor recommends \$20.8 million from all sources, including \$20.3 million from general revenues for all other salaries and benefits. This is \$2.0 million less than requested, including \$1.8 million less from general revenues to reflect retirement rate savings and corrected benefit rates.*

**Tobacco Enforcement Litigation.** The Office requests \$730,599 from general revenues for tobacco enforcement litigation expenditures for FY 2013. This is \$387,401 more than enacted to reflect projected expenses for continuing costs for outside counsel since the Office's current litigant is viewed as a potential state witness during litigation proceedings. This enforcement litigation case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" alleging their lack of efforts in enforcing the agreement for non-participating manufacturers.

*The Governor recommends \$430,599 less than requested based on the uncertainty of actual expenses for FY 2013. FY 2011 actual expenses were \$257,195.*

**Forfeitures.** The Office requests \$114,450 from restricted receipts from federal forfeitures, gambling forfeitures, and forfeitures of property for operating expenses. This is \$33,424 less than enacted to reflect a projected expense reduction for computer supplies and equipment, security supplies, and advertisement. The request will place this expense more in line with historical spending patterns; FY 2011 expenses were \$74,734. These funds are already on deposit with the Office. *The Governor recommends \$17,013 more than requested to reflect additional funds available from statewide personnel savings.*

**National Criminal History Improvement Program.** The Office requests \$25,040 less than enacted for the National Criminal History Improvement Program for FY 2013. Currently, the Office is not anticipating a new grant award for database system enhancement to improve the accuracy of information for protective orders including stalking cases for FY 2013. *The Governor recommends funding as requested.*

**Precious Metals Database.** The Office requests \$25,020 from federal funds for the precious metals and pawn dealers unit purchased services. This reflects a new federal grant award anticipated for FY 2013 for database entry of sales and pawn transaction descriptions by precious metals dealers and pawn shops. This award has not been received yet. The precious metals and pawn database is accessed by all police departments of the state and several others from the two neighboring states. *The Governor recommends funding essentially as requested; he adds \$10 for purchased audit services, consistent with his FY 2012 revised recommendation.*

**Asset Protection.** The Office requests the enacted amount of \$250,000 from Rhode Island Capital Plan funds for its asset protection projects for FY 2013. This is \$37,500 less than the approved capital plan. Funds are expected to be used to upgrade the heat, ventilation and air conditioning system, including replacement of air handlers, installation of water converters and space temperature control system, and general interior office and bathroom renovations. *The Governor recommends \$37,500 more than requested, consistent with the approved capital plan.*

**All Other Operations.** The Office requests \$1.8 million from all sources, including \$1.6 million from general revenues for all other operations for FY 2013. This is \$595,153 less than enacted, including \$332,019 more from general revenues, \$916,163 less from federal funds, and \$11,009 less from restricted receipts. The federal fund reduction reflects the elimination of operating expenses from the background check grant. The general revenue increase is based on historical spending patterns, which is \$71,534 more than FY 2011 expenditure experience to reflect annual rate increases for purchased services, including internet-based legal research services from Westlaw. The most notable discrepancy includes \$83,090 for annual membership dues and fees for which FY 2011 expenditures were \$32,349.

*The Governor recommends \$224,675 more than requested, including \$63,476 more from general revenues to pay for court overhead charges for office space and utilities. He also includes additional funds available from non-general revenue sources by the change in the retirement rate for unidentified operating expenses.*

## Department of Corrections

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 8,596,603	\$ 9,148,153	\$ 10,047,577	\$ 9,388,229
Parole Board	1,402,621	1,341,333	1,469,196	1,368,319
Institutional Corrections	170,177,524	176,815,942	192,651,287	176,040,658
Community Corrections	15,198,850	15,171,174	16,541,788	14,718,618
<b>Total</b>	<b>\$ 195,375,598</b>	<b>\$ 202,476,602</b>	<b>\$ 220,709,848</b>	<b>\$ 201,515,824</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 156,333,400	\$ 161,554,250	\$ 173,172,931	\$ 157,387,802
Contracted Services	10,521,287	11,665,698	10,967,456	11,090,347
<b>Subtotal</b>	<b>\$ 166,854,687</b>	<b>\$ 173,219,948</b>	<b>\$ 184,140,387</b>	<b>\$ 168,478,149</b>
Other State Operations	15,640,702	15,710,257	15,843,845	15,973,464
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,276,082	1,315,074	1,275,401	1,275,401
Capital	10,604,127	12,231,323	19,450,215	15,788,810
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 195,375,598</b>	<b>\$ 202,476,602</b>	<b>\$ 220,709,848</b>	<b>\$ 201,515,824</b>
<b>Sources of Funds</b>				
General Revenue	\$ 182,141,365	\$ 187,449,307	\$ 199,097,709	\$ 183,233,598
Federal Aid	2,914,545	3,190,986	2,415,809	2,747,301
Restricted Receipts	34,371	64,027	64,925	64,925
Other	10,285,317	11,772,282	19,131,405	15,470,000
<b>Total</b>	<b>\$ 195,375,598</b>	<b>\$ 202,476,602</b>	<b>\$ 220,709,848</b>	<b>\$ 201,515,824</b>
<b>FTE Authorization</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>
<b>Prison Population</b>	<b>3,239</b>	<b>3,265</b>	<b>3,231</b>	<b>3,231</b>

**Summary.** The Department's current service request includes \$220.7 million from all sources, including \$199.1 million from general revenues and 1,419.0 full-time equivalent positions. This is \$25.3 million or 13.0 percent more than enacted, including \$17.0 million more from general revenues, \$0.5 million less from federal funds, and \$8.8 million more from Rhode Island Capital Plan funds. The Department's request is based on a population of 3,231, a decrease of 8 inmates.

*The Governor recommends \$201.5 million from all sources, including \$183.2 million from general revenues and 1,419.0 full-time equivalent positions. This is \$6.1 million more than enacted, including \$1.1 million more from general revenues, \$0.2 million less from federal funds and \$5.2 million more from other funds. The Governor assumes a population of 3,231, consistent with the Department's request.*

**Population.** The enacted budget assumes a population of 3,239, which is 8 more inmates than the Department's population projection of 3,231 for FY 2013, but 25 fewer inmates than the revised

request. The Department's request includes savings of \$0.4 million from general revenues to reflect the FY 2013 population projection.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules or facilities. The Department closed the Donald Price Medium Security facility as of November 2011. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of June 2011 only 295 inmates were housed there.

The Department contracts with a firm to prepare population estimates, which projected the population for the FY 2013 budget in May 2011. The Department's current population is tracking below staff estimate level for the FY 2012 enacted budget. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,214.

The contracting firm that prepares population estimates for the Department uses a flat admission rate as well as an expected population decline towards the end of FY 2012. Since FY 2008, the average inmate population has always been higher for the first half of the fiscal year than that for the second half. Consequently, the FY 2013 population projection of 3,231 is based on the expected population average for the second half of FY 2012, which is anticipated to be lower than the 3,264 assumed in the revised budget.

The following table depicts the recent history of budgeted and actual prison population from FY 2003 through the FY 2013 Governor's budget recommendation. The average population for the first six months of FY 2012 is 3,214. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections' budget by the number of inmates. This is \$59,626 for the FY 2013 request and \$55,509 for the FY 2012 revised request. The enacted budget includes \$52,540. FY 2011 actual expenditures suggest a cost of \$49,160.

History	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<i>Request</i>	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709	3,416	3,231
Governor	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643	3,416	3,231
Enacted	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	3,450	<b>3,239</b>	
Revised Request	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	3,350	3,264	
Governor Revised	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350	3,265	
Final	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	3,273		
<i>Actual</i>	3,537	3,554	3,361	3,510	3,771	3,860	3,773	3,502	3,273		

*The Governor recommends funding as requested and assumes a population of 3,231, 8 fewer than assumed in the enacted budget, consistent with the Department's request.*

**Population: Per Diem Savings.** The Department requests \$12.3 million from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is \$31,600 less than enacted to reflect a projected decrease for testing and medical services based on FY 2011 expenses and a lower prison population. The Department requests \$3,806 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$3,816. In FY 2011, the Department's actual per inmate cost was \$3,681 or \$125 less than the current request.

*The Governor's recommendation assumes \$3,741 per inmate for population related per diem expenditures. He recommends \$271,589 less than enacted or \$239,989 less than requested to reflect*

*further reductions for medical services and household and kitchen supplies based on prior year expenditures.*

**FY 2012 Underestimated Personnel Expenses.** The enacted budget includes \$9.6 million from general revenues for wage increases for correctional officers for FY 2013. This estimate is based on the labor contract settlement reached on March 30, 2010 and initial calculations from the Department of Administration for base wage adjustments for all eligible members of the bargaining unit. The contract agreement includes a 2.95 percent wage increase for uniform correctional officers for FY 2012. Consistent with the revised request, the Department requests an additional \$3.1 million from general revenues to reflect its updated estimate of \$12.7 million based on current staffing. The Department indicates that its initial estimate was based on an understated hourly wage for uniform correctional officers. *The Governor recommends funding as requested.*

**Annualized Savings Medium Security Facility.** The enacted budget includes general revenue savings of \$6.0 million from the closure of the Donald Price Medium Security facility for FY 2012. The Budget Office's current service estimate assumes this annualizes to \$12.0 million in FY 2013. The Department's request includes \$10.5 million of savings or \$4.5 million more than assumed for FY 2012. This is \$1.5 million less than assumed to reflect higher personnel and operating expenses due to anticipated overtime increases and building maintenance expenses subsequent to the facility closure. *The Governor recommends funding as requested.*

**Biennial Weapons Requalification.** The Department requests \$523,256 less than enacted from general revenues for expenses associated with the biennial weapons requalification for correctional officers. This includes overtime and benefit expenses as well as ammunition, transportation and firing range rental costs. The request includes overtime and benefits savings to reflect the addition of weapons requalification as part of the annual 40-hour in-service training provided to correctional officers. The savings are partially offset by a minor increase for mileage reimbursement. *The Governor recommends funding as requested.*

**State Criminal Alien Assistance Funds.** The Department requests \$3,294 less than enacted from general revenues to reflect its current estimate of available federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipates \$1.0 million, consistent with the grant funds awarded for FY 2011. The Department anticipates a \$1.0 million award FY 2013 based on the anticipated FY 2012 award and requests less general revenues to show use of these funds instead.

Subsequent to its budget submission, the Department indicates that the federal award for FY 2012 is \$702,695, which is \$323,434 less than anticipated or \$320,140 less than enacted. The Department requests general revenues to offset this potential shortfall for FY 2013. *The Governor recommends the \$320,140 as subsequently indicated to offset the shortfall.*

**Public Safety Positions.** The Department requests \$3.5 million from general revenues to fill 36.0 full-time equivalent public safety positions for FY 2013. The positions include 28.0 officers, 6.0 lieutenants, 1.0 deputy warden, and 1.0 investigator. Currently, the Department has promoted existing staff under the "three-day rule" to fill 8.0 positions and 28.0 entry-level officer positions will be filled by the graduates of the new officer class. *The Governor recommends \$2.1 million from general revenues for 28.0 correctional officers for FY 2013. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**Health and Social Service Positions.** The Department requests \$1.3 million from general revenues to fill 11.0 full-time equivalent health and social service positions for FY 2013. The positions include 3.0 physicians, 3.0 social workers, 2.0 hospital officers, 1.0 medical director, 1.0 public health education specialist, and 1.0 adult counselor. Currently, the Department has promoted existing staff under the “three-day rule” to fill these positions. *The Governor’s recommendation does not include funding for these positions. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**Maintenance Positions.** The Department requests \$0.1 million from general revenues to fill 2.0 full-time equivalent maintenance positions for FY 2013. The positions include 1.0 electrician and 1.0 motor equipment operator. Currently, the Department is using other staff under the “three-day rule” to fulfill these duties. *The Governor’s recommendation does not include funding for these positions. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**FY 2012 Unachieved Savings Restoration.** The enacted budget includes statewide general revenue savings of \$5.1 million, primarily from personnel expenses. The Department’s request includes savings of \$4.3 million or \$0.9 million more than enacted to reflect unachieved personnel savings due to anticipated increases in overtime expenses. *The Governor recommends funding as requested.*

**Other Institutional Corrections’ Salaries and Benefits.** The Department requests \$125.8 million from all sources, including \$124.3 million from general revenues for all other salaries and benefits for the Institutional Corrections’ other 1,155.0 full-time positions. This is \$9.9 million more than enacted to reflect updated benefit rates consistent with the Budget Office planning values.

*The Governor recommends \$517,683 less than enacted or \$10.4 million less than requested primarily to reflect retirement rate savings. He assumes savings of \$0.3 million from eliminating Election Day as a paid holiday for state employees. He also includes Article 22 of 2012 H-7323 to change the overtime threshold for correctional officers to that of other public safety officials and assumes \$0.3 million in overtime savings.*

**Administrative Positions.** The Department requests \$426,417 from general revenues to fill 6.0 full-time equivalent administrative positions for FY 2013. The positions include 2.0 administrative clerks, 2.0 senior word processing typists, 1.0 assistant and 1.0 administrative aide. Currently, the Department is using other staff under the “three-day rule” to fulfill these duties. *The Governor includes \$60,626 from general revenues for a senior word processing typist for the Parole Board for FY 2013.*

**Probation and Parole Positions.** The Department requests \$544,622 from general revenues to fill 6.0 full-time equivalent probation and parole positions for FY 2013. The positions include 4.0 officers, 1.0 supervisor, and 1.0 probation and parole aide. Currently, the Department is using other staff under the “three-day rule” to fulfill these duties. *The Governor’s recommendation does not include funding for these positions. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**All Other Salaries and Benefits.** The Department requests \$23.0 million from all sources, nearly all from general revenues for all other salaries and benefits for 203.0 full-time positions. This is \$1.7 million more than enacted to reflect updated benefit rates consistent with the Budget Office planning values. *The Governor recommends \$112,703 less than enacted or \$1.8 million less than requested to reflect retirement rate savings.*

**New Officer Class Expenses.** The Department requests \$829,231 from general revenues for recruitment and training expenses for a new class of correctional officers for FY 2013. This is \$104,280 more than enacted to reflect more recruits and higher training expenses than assumed in the enacted budget. The enacted budget was based on FY 2011 expenses, which included a lower recruitment and training costs because of available recruits from the prior class conducted in FY 2010.

Subsequently, the Department submitted a corrective action plan that assumes FY 2013 savings of \$104,280 for the elimination of recruitment expenses for this class. The Department indicates that it can draw enough candidates from FY 2012 recruitment efforts. *The Governor's recommendation does not include the savings from the Department's corrective action plan.*

**Time Tracking System Implementation.** The Department requests \$350,000 from general revenues to upgrade the time and attendance tracking system. This system was created several years ago by an outside consultant to produce roll call for the facilities for three shifts and to monitor vacation and sick time and non-pay days. A system malfunction can result in less or more pay for staff or prolong the payroll entry process. The Department maintains that an upgrade will prevent a crash that can destroy the system. The FY 2011 budget included \$209,000 for this upgrade, which did not occur because of insufficient funds due to underestimated costs by the Department. The revised estimate for the upgrade is \$0.7 million, which is being requested over two fiscal years and assumes use of \$0.1 million in the enacted budgeted for other uses.

*The Governor recommends \$350,000 in new funding or \$269,767 more than enacted, consistent with the Department's request, which allows the Department to retain enacted funding for other uses. His recommendation notes that funding the entire request of \$0.7 million would be an appropriate use of the Information Technology Fund initiative.*

**Indirect Cost Recovery Rate for Federal Grants.** The enacted budget includes \$34,348 in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported operating supplies. The Department's revised request includes \$64,925 from restricted receipts, \$30,554 more than enacted to reflect an approved indirect rate of 5.0 percent for several grants primarily from the Department of Education. *The Governor recommends funding as requested.*

**Staff Development Grants.** The Department requests \$262,614 from federal funds to support its existing staff development programs. This is \$172,523 less than enacted to reflect two new grant awards anticipated for FY 2013, which are offset by grant funding reductions for several other initiatives. The anticipated new grants are expected to support numerous staff activities including development and implementation of substance abuse treatment programs within correctional and detention facilities and improvement of treatment services for individuals with mental health disorders. *The Governor recommends \$177,654 more than requested from federal funds to reflect an anticipated new Byrne grant to increase employment access for offenders transitioning from prison to the community.*

**Educational Grants.** The Department requests \$330,904 from federal funds to support its existing educational programs, including special education for eligible inmates. This is \$66,963 less than enacted to reflect grant funds anticipated for FY 2013. The request includes grant reductions for special education programs, adult continuing education services, and programs that encourage released female offenders to acquire postsecondary education. *The Governor recommends \$55,995 more than requested from federal funds to reflect the anticipation of a new stimulus grant award to provide special*

*education and related services. His recommendation assumes an increase in federal funds available for reading and mathematics.*

**Community Corrections Grants.** The Department requests \$326,451 from federal funds to support its existing community corrections programs for FY 2013. This is \$255,545 less than enacted to reflect grant reductions for discharge services for sex offenders and initiatives designed to improve family reunification programs for inmates. Grant funds can be used to reduce and prevent crime, domestic violence, and other programs aimed at improving the effectiveness and efficiency of the criminal justice system and its processes and procedures. *The Governor recommends \$133,237 more than requested to reflect an anticipated new Byrne grant to bring together offenders and their families.*

**Capital Projects.** The Department requests \$19.1 million from Rhode Island Capital Plan funds for its capital projects for FY 2013. This is \$8.8 million more than enacted and \$0.5 million less than the approved plan to reflect the Department's updated estimates. A more detailed description of the capital projects is available in the Capital Budget Section of this analysis.

*The Governor recommends \$3.7 million less than requested to reflect a funding reduction for the Minimum Security Kitchen Expansion project. This reduction appears to be an error. The Governor's intent appears to be to provide funding essentially as requested for this project, which included \$4.2 million for FY 2013. However, Article 1 of 2012-H 7323 contains only \$475,000 rather than the \$4.2 million reflected in other documents as intended. Budget Office staff indicates that the Governor will request a budget amendment to correct this error.*

**All Other Operations.** The Department requests \$27.2 million from all sources, including \$26.3 million from general revenues for all other operations for FY 2013. This is \$219,427 more than enacted, including \$223,132 more from general revenues to reflect an anticipated increase for repair and maintenance of computer software and purchased substance abuse services based on the Department's needs. The request includes \$23.1 million from Institutional Corrections to place this expense more in line with historical spending. FY 2011 expenses were \$23.6 million or \$0.5 million more than the current request.

*The Governor recommends \$24,335 more than requested, including \$59,729 more from general revenues. His recommendation reflects increases of \$158,000 for snow removal, \$96,074 for court overhead charges for office space and utilities, and \$50,428 for vehicle lease costs. These are partially offset by reductions of \$188,000 for the probation and parole database and \$56,773 for insurance expenses. He also includes additional funds available from non-general revenue sources by the change in the retirement rate for unidentified operating expenses.*

## Judicial Department

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Supreme Court	\$ 29,127,111	\$ 29,531,351	\$ 34,030,805	\$ 29,515,347
Defense of Indigent Persons	3,562,240	3,562,240	3,562,240	3,562,240
Commission on Judicial Tenure & Discipline	111,282	113,369	123,405	113,609
Superior Court	21,437,191	22,243,520	24,141,315	22,538,980
Family Court	20,817,192	20,581,320	22,491,347	21,205,406
District Court	11,386,765	11,729,519	12,671,361	11,924,611
Traffic Tribunal	7,752,175	8,093,404	8,825,266	8,239,888
Workers' Compensation Court	7,754,978	7,713,469	8,243,924	8,215,324
<b>Total</b>	<b>\$ 101,948,934</b>	<b>\$ 103,568,192</b>	<b>\$ 114,089,663</b>	<b>\$ 105,315,405</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 75,235,694	\$ 77,571,740	\$ 85,366,459	\$ 79,070,200
Contracted Services	2,624,705	3,063,092	2,555,875	2,555,875
<b>Subtotal</b>	<b>\$ 77,860,399</b>	<b>\$ 80,634,832</b>	<b>\$ 87,922,334</b>	<b>\$ 81,626,075</b>
Other State Operations	11,006,531	10,339,414	9,839,752	10,677,591
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	11,146,198	10,558,386	10,812,340	10,536,502
Capital	1,935,806	2,035,560	5,515,237	2,475,237
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 101,948,934</b>	<b>\$ 103,568,192</b>	<b>\$ 114,089,663</b>	<b>\$ 105,315,405</b>
<b>Sources of Funds</b>				
General Revenue	\$ 87,073,983	\$ 88,709,899	\$ 95,259,922	\$ 89,554,264
Federal Aid	3,576,588	3,079,400	2,746,273	2,746,273
Restricted Receipts	10,198,363	10,657,810	11,368,468	11,339,868
Other	1,100,000	1,121,083	4,715,000	1,675,000
<b>Total</b>	<b>\$ 101,948,934</b>	<b>\$ 103,568,192</b>	<b>\$ 114,089,663</b>	<b>\$ 105,315,405</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>

**Summary.** The Judiciary requests \$114.1 million from all sources, including \$95.3 million from general revenues for FY 2013. This is \$12.1 million or 11.9 percent more than enacted, including \$8.2 million more from general revenues. Consistent with the enacted authorization, the Department requests 723.3 full-time equivalent positions. The request reflects an additional \$1.4 million to make a technical correction to salaries that were mistakenly miscalculated in the agency's budget request for FY 2012 on which the enacted budget was based.

*The Governor recommends \$105.3 million from all funds. This \$3.4 million more than enacted and \$8.8 million less than requested. General revenues are \$2.5 million more than enacted and \$5.7 million less than requested all of which reflects pension changes.*

## Overhead Functions

**Pay-Go Judges Pensions.** The Department requests \$6.0 million from all sources, including \$5.3 million from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This is \$70,331 less than enacted from all funds, including \$19,952 more from general revenues to reflect a conservative estimate of expected retirements for those judge's eligible. There are currently 10 non-contributing judges eligible to retire. Based on pension changes enacted in the fall of 2011, the cost-of-living adjustment will be frozen for FY 2013.

Non-contributing judges and magistrates were hired prior to December 31, 1989. All judges and magistrates hired subsequent to December 31, 1989 contribute 8.75 percent as part of the Employee Retirement System of Rhode Island.

The General Assembly enacted pension changes in a special session in the fall of 2011. Enacted changes establish an employee contribution rate of 12.0 percent for all judges starting July 1, 2012, whether they were contributing to pensions or not. The legislation adds language that excludes active Supreme Court justices from changes in compensation to conform to the Rhode Island Constitution that prohibits any reduction in compensation for sitting Supreme Court justices. Judges will not participate in a defined contribution plan unlike other state employees and teachers. The legislation also makes changes to the survivor annuity calculation to have it based on the actuarial value for judges hired after July 1, 2012.

*The Governor recommends \$0.2 million less than requested to reflect the suspension of cost-of-living adjustments until all of the state's retirement systems reach 80.0 percent funded status in the aggregate.*

**Court Technology.** The Department requests \$5.5 million from general revenues for its court computer technology expenses including the personnel that are assigned to this function. It is responsible for overseeing the development and implementation of a technology system that includes computer maintenance, systems, software, interagency technical training, 24/7 network monitoring and interagency help desk. This is \$0.4 million more than enacted and reflects an additional \$0.5 million in salary and benefit expenditures offset by \$0.1 million less for rental agreements for copiers.

Salary and benefit adjustments include corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. It also includes benefit adjustments consistent with Budget Office planning values and assumes hiring a director, programmer and functional specialist. The Judiciary reports that these positions have been vacant since FY 2010 and it needs to fill the positions in order to implement new systems such as web payments, e-filing, and attorney portals. *The Governor recommends \$0.2 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Facilities and Operations.** The Department requests \$6.6 million from general revenues for the maintenance of the judicial complex facilities. The department oversees the day-to-day maintenance, custodial and general upkeep of Licht, Garrahy, Leighton, Murray and McGrath judicial complexes, Fogarty building, the Traffic Tribunal and the judicial records center. The request is \$0.5 million less than enacted. This reflects the allocation of operating expenses to non-judicial agencies occupying space within the courthouses. These expenses will appear as increased costs in other agencies. These savings are offset by additional salary and benefit and security services increases. The majority of the increased cost for salaries and benefits reflects the Budget Office planning values for employee retirement costs and corrections to salaries and wages; the FY 2012 enacted budget was based on the

wrong pay grade table. *The Governor recommends \$0.2 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Finance, Budget and Employee Relations.** The Judiciary requests \$1.8 million from general revenues to support the finance, budget and employee relations functions. This is \$53,136 less than enacted to reflect additional turnover savings partially offset by corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table and benefit adjustments consistent with Budget Office planning values. *The Governor recommends \$0.1 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Community Outreach and Public Support.** The Judiciary requests \$1.0 million from general revenues to support the community outreach and public support function for FY 2013. This is \$0.1 million more than enacted and includes interpreter services and programs to inform and educate the public about the services, programs and activities of the Judiciary. The majority of the increase reflects updated employee benefit planning values, most significant of which is retirement and corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. *The Governor recommends \$0.1 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Planning.** The Judiciary requests \$0.2 million from general revenues to support the planning function of the Judiciary. This is \$31,003 more than enacted to reflect corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. It also includes benefit adjustments consistent with Budget Office planning values.

The planning office develops the Judiciary's quarterly statistics reports and performance measures by compiling data from all courts, provides staff support to Supreme Court committees and outside committees as requested, coordinates diversity training programs for court employees and new attorneys, applies for and monitors certain judicial grants, and assists in special technology projects. *The Governor recommends \$21,689 less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Education.** The Judiciary requests \$0.3 million from general revenues for the education function which is \$41,258 more than enacted largely to reflect salary and benefit adjustments including Budget Office planning values. The education function includes overseeing mandatory continuing legal education for attorneys and the education program for judges and magistrates. *The Governor recommends \$22,946 less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Clerks/Records Center.** The Judiciary requests \$3.2 million for the clerks and record center functions. This is \$0.3 million more than enacted, the majority of which is for salaries and benefits. Salary and benefit adjustments include corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. It also includes benefit adjustments consistent with Budget Office planning values.

The Judicial Records Center is located in rented property on Hill Street in Pawtucket and serves as the central repository for the state's semi-active, inactive and archival court records. Current records that are still necessary for the daily operations of the courts remain stored at the Clerk's Office of the respective court. Clerks also provide legal research and writing assistance to the judges and magistrates of the Superior, Family, District, and Workers' Compensation Courts and the Traffic Tribunal. *The*

*Governor recommends \$0.3 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Disciplinary Board/Counsel.** The Department requests \$1.4 million from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2013. This is \$0.1 million more than enacted mostly to include corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. It also includes benefit adjustments consistent with Budget Office planning values.

The Disciplinary Board serves two functions: to protect the public and to maintain the integrity of the legal profession. The Supreme Court appoints 12 members to the Board, eight of whom are attorneys and four of whom are members of the public. The goal of the Board is to process disciplinary complaints filed against Rhode Island attorneys as expeditiously and fairly as possible and to reduce the number of complaints filed by increasing awareness of and compliance with the Rules of Professional Conduct. The Board oversees the Office of Disciplinary Counsel, which reviews and investigates all allegations of attorney misconduct. The Office of Disciplinary Counsel is the investigative arm of the Board. *The Governor recommends funding as requested but shifts \$0.1 million in retirement savings to unidentified operating costs.*

**Law Library.** The Judiciary requests \$1.3 million from general revenues to support the law library for FY 2013. This is \$99,880 more than enacted almost entirely for salaries and benefits to include corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. It also includes benefit adjustments consistent with Budget Office planning values. It also includes \$7,830 for security services.

The Law Library is a complete, publicly accessible legal reference service with over 110,000 volumes and computer aided legal research. The Law Library is a publicly funded institution dedicated to the reference and research needs of the bench, the bar, and the public. *The Governor recommends \$55,218 less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Appellate Screening Unit.** The Judiciary requests \$0.9 million from general revenues to support the activities of the appellate screening unit for FY 2013. This is \$0.1 million more than enacted almost entirely to include corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table. It also includes benefit adjustments consistent with Budget Office planning values.

The Appellate Screening Unit is the central staff attorney's office for the Supreme Court. The unit screens all civil and criminal appeals that come before the Supreme Court and schedules pre-briefing conferences among other responsibilities. *The Governor recommends \$70,428 less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Board of Bar Examiners.** The Judiciary requests \$11,413 from general revenues to support the Board of Bar Examiners for FY 2013. This is \$0.1 million less than enacted and reflects eliminating the 1.0 position that staffed the Board. The position is currently vacant but the Judiciary indicates that it is a critical position, and the work cannot be absorbed by other personnel. It intends to fill the position by the end of the calendar year.

The Board of Bar Examiners tests the legal knowledge of Bar applicants by administering the Rhode Island Bar examination. Members of the Board proctor the Bar examination and score the responses to the essay questions. *The Governor recommends funding as requested.*

**Indigent Defense Services.** The Department requests the enacted level of \$3.6 million from general revenues for indigent defense services. This program assigns private attorneys to transferred clients when the Office of the Public Defender is unable to provide legal representation services because of conflicts of interests. FY 2011 actual expenses were \$3.4 million. *The Governor recommends funding as requested.*

**Community Service Grants.** The Department requests the enacted level of \$0.3 million for four community service grants. *The Governor recommends a 25.0 percent reduction in all community service grants statewide and removes \$55,838 from the Department's budget.*

*[Staff note: A 25.0 percent reduction in the Judiciary's community service grants is \$85,106. The Budget Office has indicated that it is aware of this error and will request a budget amendment to correct it.]*

**Capital Projects.** The Department requests \$4.7 million from Rhode Island Capital Plan funds for its capital projects for FY 2013. This is \$3.6 million more than enacted to reflect a wider scope for several capital projects including asset protection and the inclusion of several new projects. These projects are discussed in detail in the Capital Budget section of this analysis.

*The Governor recommends \$0.6 million more than enacted and \$3.0 million less than requested. He does not recommend funding the Murray Judicial Complex cell block or Noel shelled courtroom build out projects in FY 2013.*

### **Supreme Court**

**Salaries and Benefits.** The Judiciary's current service request includes \$4.8 million from all sources, \$4.8 million from general revenues, for the salaries and benefits of the Supreme Court's 31.8 full-time equivalent positions. This is \$0.9 million more than enacted from general revenues. Of this amount, 44 percent or \$0.4 million is associated with the Budget Office planning value for the employer share of retirement costs. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The 31.8 positions associated with the Supreme Court, 7.0 serve in roles that support the entire Judiciary. The salaries and benefits total \$1.1 million for these 7.0 positions, and while they do serve in functions for the entire Judiciary, they are included with the other Supreme Court positions for the purposes of this analysis. *The Governor recommends \$0.3 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Other Operating Expenses.** The Judiciary requests \$2.1 million for all other operating expenses of the Supreme Court. This is \$57,527 less than enacted and includes \$19,175 more from general revenues. *The Governor recommends funding as requested.*

### **Superior Court**

**Salaries and Benefits.** The Judiciary's current service request includes \$20.1 million from all sources, \$19.9 million from general revenues, for the salaries and benefits of the Superior Court's 165.7 full-time equivalent positions. This is \$2.8 million more than enacted including \$2.7 million more from general revenues. Of this amount, 43 percent or \$1.2 million is associated with the Budget Office planning value for the employer share of retirement costs. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The request also assumes turnover savings of \$267,436. This is \$0.6 million less than the personnel savings assumed in the enacted budget. *The Governor recommends \$1.4 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Other Operating Expenses.** The Judiciary requests \$1.6 million for all other operations of the Superior Court. This is \$46,388 less than enacted including \$73,428 less from general revenues. The reduction reflects the allocation of these costs to non-judicial agencies occupying space within the courthouses. *The Governor shifts \$19,453 in restricted receipt funded retirement savings to unidentified operating costs.*

### District Court

**Salaries and Benefits.** The Judiciary's current service request includes \$10.6 million from all sources, \$10.4 million from general revenues, for the salaries and benefits of the District Court's 94.0 full-time equivalent positions. This is \$1.2 million more than enacted including \$1.3 million more from general revenues. Of this amount, 75 percent or \$0.6 million is associated with the Budget Office planning value for the employer share of retirement costs. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The request for 94.0 positions is 1.0 less than enacted to reflect 1.0 less data entry aide. The request also includes turnover savings of \$0.4 million, which is \$61,530 less than the personnel savings included in the enacted budget. *The Governor recommends \$0.8 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Other Operating Expenses.** The Judiciary requests \$0.9 million for all other operating expenses for the District Court. This is \$48,060 more than enacted and includes an additional \$51,941 from general revenues. Of this amount, \$32,292 is for healthcare reimbursements for retired judges that are called back to take the bench. In order to receive the reimbursement, the judge must sit a minimum of ten days within a month. *The Governor shifts \$14,600 in restricted receipt funded retirement savings to unidentified operating costs.*

### Family Court

**Salaries and Benefits.** The Judiciary's current service request includes \$20.1 million from all sources, \$17.6 million from general revenues, for the salaries and benefits of the Family Court's 176.7 full-time equivalent positions. This is \$2.3 million more than enacted including \$2.0 million more from general revenues. Of this amount, 60 percent or \$1.4 million is associated with the Budget Office planning value for the employer share of retirement costs. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The request for 176.7 positions is 1.0 more than enacted and reflects reorganization of the department. The request also includes \$640,627 in turnover savings which is \$304,626 less than the personnel savings included in the enacted budget. *The Governor recommends \$1.5 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Juvenile Justice Grant.** The request reflects a reduction of \$0.1 million in federal juvenile justice grant awards for FY 2013. The Juvenile Justice Program received a training award in FY 2012 in the amount of \$40,000 which the Court does not believe will be repeated in FY 2013. It also received \$62,500 for system design to be used in FY 2012. The Family Court does not believe that funding for the training and system design that they received in that last grant will be available in the next grant

award. Funds from this grant may be used for assessment and improvement activities of the child welfare functions of a court system including improved case tracking and analysis of child welfare cases; and training of legal and judicial personnel in child welfare cases. *The Governor recommends \$10,160 more than requested to reflect the anticipated grant award.*

**Other Operating Expenses.** The Judiciary requests \$1.1 million for all other operating expenses of the Family Court for FY 2013. This is \$0.5 million less than enacted including \$74,892 less from general revenues. The majority of the general revenue decrease is in temporary service provided by ADIL for the Juvenile Drug Court and deferred maintenance expenses. It reflects the redirection of \$0.3 million in indirect cost recovery funds from assistance and grants to salaries and benefits. *The Governor recommends shifting \$0.2 million federal and restricted receipt funded retirement savings to unidentified operating costs.*

### **Traffic Tribunal**

**Salaries and Benefits.** The Judiciary's current service request includes \$7.8 million from general revenues, for the salaries and benefits of the Traffic Tribunal's 78.2 full-time equivalent positions. This is \$0.9 million more than enacted. Of this amount, 60 percent or \$0.6 million is associated with the Budget Office planning value for the employer share of retirement costs. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The request includes 1.0 new general operations assistant position. The request also includes \$308,789 in turnover savings which is \$16,684 less than that assumed in the enacted budget. *The Governor recommends \$0.6 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Other Operating Expenses.** The request includes \$485,650 from general revenues for all other operating expenses of the Traffic Tribunal. This is \$110,011 more than enacted almost entirely for security services. These are for Sheriffs and Capitol Police overtime expenses that were previously in the Department of Public Safety's budget. *The Governor recommends funding as requested.*

### **Workers' Compensation Court**

**Salaries and Benefits.** The Judiciary's current service request includes \$6.8 million from restricted receipts for the salaries and benefits of the Workers' Compensation Court's 50.0 full-time equivalent positions. This is \$0.6 million more than enacted. Of this amount, 56 percent or \$0.3 million is associated with the Budget Office planning value for the employer share of retirement costs. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The request also includes \$68,715 in turnover savings. The Governor recommended turnover savings of \$29,361 for the Workers' Compensation Court for FY 2012. The current request is \$39,354 more than that. *The Governor recommends \$0.5 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**Other Operating Expenses.** The request includes \$642,435 from restricted receipts for all other operating expenses of the Workers' Compensation Court. This is \$14,540 less than enacted and reflects additional information technology support offset by savings in janitorial services. *The Governor recommends shifting \$0.5 million in restricted receipt funded retirement savings to unidentified operating costs.*

## Judicial Tenure and Discipline

**Judicial Tenure and Discipline.** The Judiciary requests \$123,405 from general revenues to support the Commission on Judicial Tenure and Discipline for FY 2013. This is \$12,123 more than enacted and 80 percent or \$9,593 is associated with the increase in the retirement planning values per Budget Office instruction. It also includes corrections to salaries and wages; the FY 2012 enacted budget was based on the wrong pay grade table.

The Judicial Tenure and Discipline Commission is responsible for conducting investigations of judges suspected of or charged with misconduct. The objectives of the Commission are to ensure the integrity of the Rhode Island court system, investigate all reasonable allegations of wrongdoing by Rhode Island judges, and recommend, when appropriate, sanctions to be imposed against Rhode Island judges. The Commission consists of 14 members, serving without compensation. *The Governor recommends \$9,796 less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

## Military Staff

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
National Guard	\$ 14,977,312	\$ 15,411,376	\$ 17,469,745	\$ 18,022,825
Emergency Management	20,141,928	33,642,133	21,389,826	24,229,751
<b>Total</b>	<b>\$ 35,119,240</b>	<b>\$ 49,053,509</b>	<b>\$ 38,859,571</b>	<b>\$ 42,252,576</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,551,980	\$ 9,602,141	\$ 10,768,080	\$ 9,840,370
Contracted Services	1,144,357	1,732,680	1,652,692	1,734,692
<b>Subtotal</b>	<b>\$ 10,696,337</b>	<b>\$ 11,334,821</b>	<b>\$ 12,420,772</b>	<b>\$ 11,575,062</b>
Other State Operations	5,473,895	5,848,612	5,346,557	5,947,685
Assistance, Grants, and Benefits	16,244,445	28,803,316	16,823,092	19,744,929
Capital	2,704,563	3,066,760	4,269,150	4,984,900
<b>Total</b>	<b>\$ 35,119,240</b>	<b>\$ 49,053,509</b>	<b>\$ 38,859,571</b>	<b>\$ 42,252,576</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,470,928	\$ 3,766,872	\$ 3,845,429	\$ 3,633,757
Federal Aid	29,418,438	42,831,041	31,345,614	34,234,541
Restricted Receipts	609,311	470,733	481,278	481,278
Other	1,620,563	1,984,863	3,187,250	3,903,000
<b>Total</b>	<b>\$ 35,119,240</b>	<b>\$ 49,053,509</b>	<b>\$ 38,859,571</b>	<b>\$ 42,252,576</b>
<b>FTE Authorization</b>	<b>117.0</b>	<b>113.0</b>	<b>113.0</b>	<b>112.0</b>

**Summary.** The Military Staff's request includes \$38.9 million from all sources, including \$3.8 million from general revenues, \$31.3 million from federal funds, \$0.5 million from restricted receipts, \$3.2 million from Rhode Island Capital Plan funds and 113.0 full-time equivalent positions. *The Governor recommends \$42.3 million, \$3.4 million more than enacted from all funds including \$0.2 million less from general revenue and \$2.9 million more from federal sources. The recommendation includes the requested number of positions.*

**Staffing.** The Military Staff's request includes 113.0 positions, 4.0 less than enacted. The positions are vacant, and the Agency's request would eliminate them. Positions include 1.0 janitor and 2.0 maintenance positions in the National Guard, and 1.0 administrative manager in the Emergency Management Agency. *The Governor recommends 112.0 positions, 5.0 positions less than enacted. The recommendation eliminates 1.0 project manager, 1.0 janitor and 4.0 maintenance positions in the National Guard, and 1.0 administrative manager position in the Emergency Management Agency. The recommendation also includes the addition of 1.0 HVAC supervisor position in the Guard and 1.0 chief of information and public relations in the Agency.*

## National Guard

**Fire Fighters.** The National Guard requests \$3.4 million from federal funds for fire fighter services, \$0.5 million more than enacted. This includes \$0.6 million more for salaries and benefits offset by \$0.1 million less for operating expenditures. Of the \$0.5 million increase, \$0.3 million reflects updated benefit rates consistent with Budget Office planning values, while the remainder of the change is due to step increases. Funding is programmed for 30.0 firefighter positions, which provide fire protection for all Air National Guard flying operations at Quonset State Airport, including facility, land and ground assets. *The Governor recommends total funding as requested, but reduces personnel funding by \$0.3 million to reflect revisions to the retirement rate based on enacted pension changes. The recommendation programs the \$0.3 million for unidentified operating expenditures.*

**All Other Salaries and Benefits.** The National Guard requests \$4.4 million for all other salaries and benefits for the Rhode Island National Guard. The request includes \$0.7 million from general revenues, with the remainder from federal funds for 55.0 full-time equivalent positions in the Guard. The request is \$0.2 million more than enacted to reflect updated benefit rates, consistent with Budget Office planning values. *The Governor recommends \$0.4 million less than requested, primarily from general revenues, to reflect revisions to the retirement rate based on enacted pension changes. His recommendation also reflects turnover savings for 1.0 position for a full year; the request included turnover savings for one quarter of the year.*

**Army/Air Armory Operations.** The Military Staff requests \$0.9 million, including \$0.7 million from general revenues to support the operations of the Army and Air National Guard at its facilities located throughout the state. Funds are used for small scale building repairs and maintenance, grounds maintenance and utilities. The request is \$22,338 more than enacted primarily to reflect increased costs for heating oil, which reflects an increased price as well as increased usage as more guard members are returning from deployment. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Fund Projects.** The National Guard requests \$3.2 million from Rhode Island Capital Plan funds for capital projects, which is \$1.6 million more than enacted. The request includes \$2.0 million more to reflect the staff's plan for an addition to the Command Readiness Center, consistent with the approved capital plan. This increase is offset by reductions to several other projects to reflect work for ongoing projects.

*The Governor recommends \$0.7 million more than requested. The recommendation reflects the revised priorities of the Military Staff, as well as updated construction schedules. These projects are explained in greater detail in the Capital Budget Section of this analysis.*

**Military Family Relief Fund.** The National Guard requests \$300,000 from restricted receipts for the Family Relief Fund, which is \$65,000 more than enacted. This fund provides financial support to military members and their families for financial issues. It appears the agency budgets all available resources which far exceed expenditures. Each year there is a significant carry forward balance as expenditures never meet the projected expenses. Prior year expenditures include \$63,392 for FY 2007, \$31,408 for FY 2008, \$22,035 for FY 2009, \$9,969 for FY 2010 and \$9,626 for FY 2011. The agency indicates the increased request is based on higher than anticipated donations, but not an expected increase in use. *The Governor recommends funding as requested.*

**All Other Operations.** The National Guard requests \$0.1 million more than enacted for all other operating expenses at the Guard. The increase from general revenues is due to increased costs for heating oil, which reflects an increased price, as well as increased usage due to more guard members returning from deployment. The decrease in federal funds reflects actual awards and expenditures from federal grants for operations. *The Governor recommends \$0.2 million more than requested, including*

*\$23,274 more from general revenues to reflect revised insurance costs. The Governor recommends the remaining funding as requested, but shifts \$0.2 million from federal funds available from retirement savings to unidentified operating costs.*

### **Emergency Management Agency**

**Tropical Storm Irene.** In August of 2011, Tropical Storm Irene touched down in Rhode Island resulting in flood and wind damage throughout the state. Due to the severity of the damages, state and quasi-state agencies, hospitals, fire districts, colleges, utilities and municipalities were eligible for federal reimbursement of costs incurred to repair the damage. Due to the timing of the storm there was no funding in the enacted budget for the reimbursements; however, the Military Staff's FY 2013 request includes \$5.5 million from federal funds for the reimbursements. *The Governor recommends funding as requested.*

**March 2010 Flood.** The Emergency Management Agency is coordinating the reimbursement of Federal Emergency Management Agency funds to all state agencies, quasi-agencies and municipalities for projects submitted as a result of the March 2010 flood. The Agency requests \$4.2 million from all funds for flood expenses, including the state match of \$50,000 from general revenues. Approximately 500 individual projects have been submitted for reimbursement. The Federal Emergency Management Agency provides a 90.0 percent reimbursement of eligible expenses incurred from the flood. The Agency's FY 2013 request is \$0.2 million more than enacted to reflect more accurate reimbursement data. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Military Staff requests \$3.0 million, \$0.4 million more than enacted from all funds for salaries and benefits in the Emergency Management Agency. The increase over the enacted includes \$0.2 million more to reflect updated benefit rates, consistent with Budget Office planning values. Funding is used for 28.0 full-time equivalent positions, and includes \$55,116 in expected turnover. This equates to one position being vacant for half of the year. *The Governor recommends \$0.3 million less than requested, including \$0.2 million from general revenues. The reduction includes \$0.2 million less to reflect revisions to the retirement rate based on enacted pension changes and \$0.1 million of turnover savings for 1.0 position for the entire year.*

**Indirect Cost Recovery.** The Military Staff's request reduces expenditures from restricted receipts by \$0.2 million to reflect a reduction in the indirect costs recovered from federal grants. The enacted budget includes this amount; however, the Agency notes that it will not receive the funding originally included in its budget. According to the Military Staff, it had originally begun negotiating its new indirect rate in September of 2010 by researching options with its federal sponsor, the Federal Emergency Management Agency.

Subsequently, the Agency met with representatives from the Department of Administration and the Federal Emergency Management Agency for further guidance regarding a new indirect cost rate. The Agency is currently working to finalize the rate request for submittal to the federal Department of Human Services, which is the federal agency responsible for all indirect cost proposals. The Military Staff is continuing communications on the federal level to resolve questions concerning the calculations of the indirect cost rate. The Agency has completed approximately 65 percent of the proposal and is awaiting resolution of its questions to make further progress with the proposed plan. *The Governor recommends funding as requested.*

**Urban Areas Security Initiatives.** The Military Staff requests \$2.7 million, \$0.6 million less than enacted from federal funds for Urban Areas Security Initiative grant funding. The program is intended

to assist participating jurisdictions in developing integrated regional systems for crime prevention, citizen protection, incident response and post-incident recovery. The decrease in the request reflects anticipated awards and expenditures from the grants for FY 2013. *The Governor recommends funding essentially as requested, but shifts \$16,000 from federal funds available from retirement savings to unidentified operating costs.*

**Statewide Communications Network.** The Agency requests \$0.9 million, \$0.6 million more from federal funds and \$8,006 more from general revenues for the Rhode Island Statewide Communications Network. Funds are used to support 2.0 full-time staff positions as well as the radio system that is used to expedite emergency phone calls, maintain communication with all political subdivisions in the state and the emergency radio communication system that allows all hospitals, the Department of Health, and Emergency Management to be on a private radio system in order to effectively respond to all types of disasters. The increase reflects planned expenditures for maintenance and repairs to the system's infrastructure throughout the state. *The Governor recommends funding as requested.*

**Homeland Security Grant Program.** The Military Staff requests \$2.4 million, \$1.4 million less than enacted from federal funds to reflect anticipated awards and expenditures from these grants for FY 2013. The funds are intended to enhance the capacity of emergency responders when faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommends funding as requested.*

**Emergency Management Performance Grant.** The Military Staff requests \$1.4 million from federal emergency operations center grants. Funds are used to support state and local governments to sustain and enhance emergency management capabilities for all potential hazards. The request is \$2.6 million less than enacted to reflect anticipated awards and expenditures from these funds for FY 2013. *The Governor recommends funding essentially as requested, but shifts \$0.1 million in federally funded retirement savings to unidentified operating costs.*

**All Other Operations.** The Staff requests \$0.2 million less than enacted from all funds for all other operations in the Emergency Management Agency. This includes \$0.3 million less from federal funds, \$11,263 less from general revenues offset by \$10,100 more from restricted receipts. The change in federal funds primarily reflects decreases in awards for transit security and hazardous materials response.

*The Governor recommends \$3.0 million more than enacted and requested, which primarily reflects federal funding that was not included in the Agency's request due to the timing of the award. This includes \$1.0 million more for the emergency management procedures grant, \$1.1 from an additional year of homeland security funding and \$0.6 million more for terrorism prevention.*

## Department of Public Safety

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 5,169,481	\$ 5,424,744	\$ 5,648,077	\$ 5,544,930
E-911	4,772,358	5,270,886	5,736,008	5,493,425
Fire Marshal	4,688,784	5,034,623	4,861,712	4,589,162
Capitol Police	3,306,728	3,455,378	4,219,760	3,808,660
Sheriffs	16,656,866	16,983,268	19,200,600	17,926,662
Municipal Police Training Academy	659,498	645,266	695,557	570,978
State Police	69,196,662	73,653,619	77,914,664	72,218,443
<b>Total</b>	<b>\$ 104,450,377</b>	<b>\$ 110,467,784</b>	<b>\$ 118,276,378</b>	<b>\$ 110,152,260</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 70,170,135	\$ 73,885,085	\$ 83,363,473	\$ 74,768,803
Contracted Services	1,591,966	1,393,355	1,003,725	994,673
<b>Subtotal</b>	<b>\$ 71,762,101</b>	<b>\$ 75,278,440</b>	<b>\$ 84,367,198</b>	<b>\$ 75,763,476</b>
Other State Operations	6,852,068	8,039,686	7,072,437	8,005,641
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,866,318	22,043,982	22,758,143	22,359,143
Capital	3,969,890	5,105,676	4,078,600	4,024,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 104,450,377</b>	<b>\$ 110,467,784</b>	<b>\$ 118,276,378</b>	<b>\$ 110,152,260</b>
<b>Sources of Funds</b>				
General Revenue	\$ 89,407,711	\$ 93,059,827	\$ 103,141,458	\$ 94,518,112
Federal Aid	7,647,988	9,069,285	7,289,198	7,287,041
Restricted Receipts	335,749	300,351	142,649	701,460
Other	7,058,929	8,038,321	7,703,073	7,645,647
<b>Total</b>	<b>\$ 104,450,377</b>	<b>\$ 110,467,784</b>	<b>\$ 118,276,378</b>	<b>\$ 110,152,260</b>
<b>FTE Authorization</b>	<b>605.8</b>	<b>606.2</b>	<b>610.2</b>	<b>609.2</b>

**Summary.** The Department of Public Safety requests expenditures of \$118.3 million from all sources, which is \$13.8 million more than the FY 2012 enacted budget. The request includes \$103.1 million from general revenues, \$7.3 million from federal sources, \$0.1 million from restricted receipts, and \$7.7 million from Rhode Island Capital Plan funds. The Department requests staffing authorization of 610.2 full-time equivalent positions, which is 4.4 more than authorized. The Department's request is \$6.3 million more than the Budget Office's current service general revenue target of \$96.9 million.

*The Governor recommends expenditures of \$110.2 million from all sources, which is \$8.1 million less than requested. This includes \$8.6 million less than requested from general revenues, \$2,157 less from federal sources, \$0.6 million more from restricted receipts and \$0.1 million less from Rhode Island Capital Plan funds. He includes Article 29 of 2012-H 7323 to allow the Director of the Department of Public Safety to establish a fee structure to finance the Municipal Police Training Academy.*

**Staffing Authorization.** The Department requests staffing authorization of 610.2 full-time equivalent positions, which are 4.4 positions more than authorized. The Department includes an increase of 0.4 positions for Central Management, 3.0 positions with the Fire Marshal, and 1.0 position for the Municipal Police Training Academy. *The Governor recommends 609.2 full-time equivalent positions 3.0 more than authorized and 1.0 fewer than requested.*

### **E-911 Telephone System**

**Salaries and Benefits.** The Department requests \$4.6 million from general revenues for salaries and benefits for 50.6 full-time equivalent positions. This is \$565,323 more than the enacted budget, of which \$321,692 is to restore turnover savings included in the enacted budget. The request includes an increase of \$331,814 for benefit expenses consistent with FY 2013 planning values and \$3,303 more for overtime expenses but fails to incorporate the proper benefits, underfunding it by \$15,311. The Department's request also inadvertently excluded holiday pay, underfunding the request by \$88,183.

*The Governor recommends \$0.2 million less than requested and restores the holiday pay for members and incorporates the proper benefits in calculating benefits. The remaining reduction is consistent with the updated retirement rates.*

**Computer Maintenance.** The Department requests \$449,454, which is \$24,484 more than enacted from general revenues for computer maintenance contracts. This is \$24,151 more than the Department's FY 2012 revised budget request; however, it appears as though the request is overstated by \$10,000 as the contracts included in request total \$439,454 or \$14,484 more than the FY 2012 enacted amount. *The Governor recommends funding as requested.*

**Geo-Code Upgrade.** The Department requests \$240,000 from general revenues to update the information contained on the pictometry database. The pictometry database project was completed in FY 2009 and was subsequently updated in FY 2010 through available federal funds. The Department requests \$240,000 from all sources of funds in its FY 2012 revised request, including \$90,000 from general revenues. *The Governor recommends funding as requested.*

**Telephone Charges.** The Department requests \$349,900 for expenditures related to providing 911 access. This is \$81,907 more than enacted for a monthly average cost of approximately \$29,160. The average cost per month for the last five calendar years is \$22,494. The request appears to be overstated as the Department has been unable to provide any additional information as to the need for the additional funding. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$118,652 for all other E-911 operating expenses, which is \$51,936 more than enacted from general revenues. This includes increases for utility expenses at the new State Police headquarters, repairs to the North Providence location which serves as the alternate public safety answering point and additional servers to access information from the alternate public safety answering point to the primary public safety answering point. *The Governor recommends funding as requested.*

### **Fire Marshal**

**New Positions.** The Department requests \$238,717 from general revenues for salary and benefits and 3.0 full-time equivalent positions. These positions include 1.0 fire investigator position, 1.0 assistant explosive and flammable liquids technician and 1.0 chief plan review officer. The Department plans to fill these positions on July 1, 2012.

*The Governor recommends \$136,901 from general revenues and 3.0 full-time equivalent positions. This is \$0.1 million less than requested to reflect filling the positions on January 1, 2013 and updated retirement rates.*

**Other Salaries and Benefits.** The Department requests \$2.9 million from all sources for all other salaries and benefits including \$2.7 million from general revenues for 33.0 full-time equivalent positions. This is \$380,938 more than enacted from all sources including \$346,955 from general revenues. The request assumes no turnover savings and provides \$193,293 to fill two positions in FY 2012. The remaining increase represents updated benefit rates consistent with the FY 2013 planning values, but fails to incorporate the proper benefits on overtime, underfunding it by \$7,978.

*The Governor recommends \$2.5 million from all sources for salaries and benefits including \$2.3 million from general revenues. This is \$0.4 million less than requested, which includes turnover savings of \$0.2 million from maintaining two positions vacant until January 1, 2013, \$15,000 for additional overtime expenses, proper benefits on overtime and updated retirement rates.*

**Homeland Security Grants.** The Department requests \$26,000 from federal funds for emergency response to hazardous materials procedure training. The reductions are the result of expiring federal Homeland Security and Urban Area Security Initiative grants totaling \$424,050 that were used to purchase an all-terrain vehicle, first responder training, bomb suits, body armor, helmets, and other equipment. *The Governor recommends funding as requested.*

**Fire Training Academy.** The FY 2012 enacted budget includes \$202,000 from restricted receipts for operations at the Fire Training Academy. This includes \$75,000 for trainings to occur at the academy, \$20,000 for heating oil, \$30,000 for the operation of the control burn facility, \$7,000 for other utility expenses, \$21,500 for maintenance to the facility, \$5,000 for snow removal, \$27,200 for telephone expenses and \$16,300 for other miscellaneous operating expenses. The Department's request inadvertently excludes funding for the training academy. After the Department was alerted of this error by staff, the Department noted that funding included in the enacted budget is sufficient for activities to occur at the training academy in FY 2013. *The Governor restores the enacted level of funding and shifts \$7,101 of restricted receipts expenses available from retirement savings to operating expenses.*

**Other Operations.** The Department requests \$192,781 from general revenues for all other operating expenses, which is \$4,323 more than enacted. The request includes \$23,000 to purchase new computers to replace the Division's existing computers, additional insurance, and telephone expenses. These increases are offset by reductions for vehicle maintenance, uniforms, travel, and other miscellaneous expenses. *The Governor recommends \$17,897 more than requested for the purchase of a new vehicle, offset by reductions for vehicle maintenance expenses.*

**Capital.** The Department requests \$1.5 million, or \$0.2 million more, from Rhode Island Capital Plan funds to build a 7,500 square foot classroom and administrative building for the State Fire Training Academy. *The Governor recommends funding as requested.*

### **Capitol Police**

**Salaries and Benefits.** The Department requests \$4.1 million from general revenues, or \$0.8 million more than enacted, for salaries and benefits for 51.0 full-time equivalent positions. The request assumes no turnover savings and adds \$677,310 to fill three positions in FY 2012 and two more positions on July 1, 2012. The remaining increase of \$190,732 represents employee medical benefit choices, clothing allowances and benefit rate changes consistent with the FY 2013 planning values but

fails to incorporate the proper benefits on overtime, underfunding it by \$21,412. The Department eliminated the holiday pay for E-911 and the Capitol Police in error. For the Capitol Police this value is \$4,508.

*The Governor recommends \$0.4 million less than requested, which includes savings of \$0.1 million from maintaining two positions vacant for the fiscal year, the restoration of the holiday pay and benefit calculation errors and the updated retirement rates.*

**Weapons Purchases.** The Department requests \$49,000 from general revenues to purchase new weapons for the Capitol Police. The guns currently used by the Capitol Police officers are approximately 12 years old and have passed approximately 40,000 rounds. The industry standard for a lifetime of a gun is between 10 and 12 years. The request includes \$39,000 for the purchase of the weapons and \$10,000 to purchase holsters and ammunition. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$108,948 for other operating expenses, which is \$31,221 more than enacted. This includes additional funding to purchase new uniforms and ten 800 megahertz radios offset by reductions for vehicle, telephone and other miscellaneous expenses.

*The Governor recommends \$2,997 more than requested; however, does not include funding for the 800 megahertz radios and further reduces vehicle expenses. The Governor's recommendation includes \$31,497 for the Division's share of expenses for occupancy of court buildings.*

## Sheriffs

**Reorganization.** As part of the Department's FY 2012 revised request, the Department elected not to renew the terms of five appointed positions which include, the Executive High Sheriff, the Sheriff of Kent County and three Chief Deputy Sheriffs each of whom completed their ten year terms on November 26, 2011. By eliminating these five positions the Department has a full year of turnover savings totaling \$711,188. The Department's revised request includes the promotion of one Deputy Sheriff-Major, two Deputy Sheriff-Captains, and two Deputy Sheriff – Lieutenants. The annual cost of these five upgraded full-time equivalent positions is \$655,732. The reorganization of the Division produces a net savings of \$55,456 in FY 2013. *The Governor recommends \$34,088 less than requested for the 5.0 full-time equivalent positions to reflect the updated retirement rates.*

**Other Salaries and Benefits.** The Department requests \$18.3 million from general revenues for salaries and benefits for 180.0 full-time equivalent positions. This is \$2.7 million more enacted. The request assumes no turnover savings and adds \$1.0 million to fill five vacant Deputy Sheriff positions in FY 2013. The Department requests \$0.9 million for overtime expenses or \$141,296 more than enacted, consistent with the revised request. The request also includes \$0.4 million more than enacted for step increases and \$1.3 million more than enacted for updated benefit rates consistent with the FY 2013 Budget Office planning values but fails to incorporate the proper benefits on overtime, underfunding it by \$54,744. It should be noted that the request attempts to correct an error in the FY 2012 enacted budget in its assessed fringe benefit calculation by reducing the amount by \$0.2 million.

*The Governor recommends \$16.5 million or \$1.8 million less than requested for all other salaries and benefits. This includes turnover savings of \$0.3 million from maintaining 4.0 Deputy Sheriff positions vacant in FY 2013, \$0.1 million less for overtime based on prior years spending and corrected benefit calculation including updated retirement rates.*

**New Sheriff Class.** The Department requests \$42,050 to hold a new sheriff training class. The request includes \$22,500 for a physical and psychological examinations, \$15,000 for the cost of the course and \$4,500 for costs associated with the written examination. The Sheriff training academy lasts six weeks and is conducted Monday through Friday for five hours per night. After the approximately 30 recruits pass the final examination, they will be placed on a hiring list from which they will receive a call when an approved vacancy becomes available. The most recent Sheriff training class was held in FY 2009, and 11 individuals remain on the Department's list of approved candidates. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$758,327 from general revenues or \$143,356 less than enacted for all other operating expenses, which is consistent with prior year spending. *The Governor recommends funding as requested and includes \$486,615 for the Division's share of expenses for occupancy of court buildings.*

### **Municipal Police Training Academy**

**Communication and Training Coordinator.** The Department of Public Safety requests \$98,767 from general revenues and 1.0 full-time equivalent position for a Communication and Training Coordinator position. The individual will oversee the entry-level training and certification of recruit officers at the Municipal Police Training Academy. This position was previously a contract employee funded through a federal grant award that has been spent. *The Governor does not recommend the position.*

**Other Salaries and Benefits.** The Department requests \$341,145 from general revenues for salaries and benefits for 3.0 full-time equivalent positions. The Department's request includes \$29,554 more than enacted for current staffing and updated benefit rates consistent with the FY 2013 planning values.

*The Governor includes Article 29 of 2012-H 7323 to allow the Director of the Department of Public Safety to establish a fee structure to finance the Municipal Police Training Academy. This article also creates a new Municipal Police Training Academy restricted receipt account and exempts it from the 10.0 percent indirect cost recovery charge. The article is proposed to be effective January 1, 2013; however, the Governor's budget does not include any general revenue funding. This suggests the budget may be underfunded by approximately \$178,000.*

*The Governor recommends \$316,284 from restricted receipts, which is \$24,861 less than requested to reflect the updated retirement rates.*

**Grants.** The Department requests \$214,167 for all other grants, \$0.1 million less than enacted. This includes \$189,667 from federal Drug Recognition and Standard Field Sobriety Test training grant funding and \$24,500 from Byrne Grant funding for in-service training in the fields of drug recognition and standard field sobriety tests. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$41,478 from general revenues, or \$951 more than enacted for all other operating expenditures. This includes increases for telephone expenses, training, and other operating expenses, offset by a reduction for vehicle payments as the vehicle has been paid for. The request is \$1,220 more than the Department's expenditures in FY 2011. *The Governor recommends the enacted amount for all other operating expenses, but funds them with restricted receipts generated through user fees.*

## State Police

**State Police Contract Adjustment.** The Department requests \$1.5 million more than enacted from general revenues for salary and benefit adjustments relating to the recently negotiated settlement with the Rhode Island State Police Troopers Association. All members of the Rhode Island Troopers Association collective bargaining unit covered by the three year extension received a wage increase of 3.0 percent effective May 1, 2010 and May 1, 2011. The previous contract agreement ran from May 1, 2006 through April 30, 2009, with a one-year extension that ended on April 30, 2010. The new three year contract runs through April 30, 2013. *The Governor recommends \$1.3 million, which is \$0.2 million less than requested and consistent with updated retirement rates.*

**Other Salaries and Benefits.** Excluding the adjustments for the State Troopers contract, the Department requests \$49.4 million from all sources, including \$45.0 million from general revenues for all other salaries and benefits. This is \$6.4 million more than enacted, including \$5.7 million more from general revenues. The request includes \$2.7 million for longevity increases of 20.0 percent for the 1992 class, a 7.5 percent increase for the 2005 class and step increases for the 2009 and 2011 classes. The request includes an increase of \$2.5 million based upon employee medical benefit choices, clothing allowances and benefit rate changes consistent with the FY 2013 planning values and \$0.5 million more for holiday and overtime expenses, but fails to incorporate the proper benefits, underfunding it by \$0.1 million. The request includes an increase of \$0.6 million from the Department of Transportation for road construction site reimbursement. The Department also includes \$0.1 million more from federal grants eligible expenses.

*The Governor recommends \$5.2 million less than requested from all sources of funds including \$5.0 million less from general revenues. The recommendation includes step and longevity increases, and \$0.2 million less than requested for overtime expenses.*

*The Governor also includes Article 33 of 2012-H 7323 which eliminates Election Day as a paid holiday, reducing the State Police's holiday pay by \$0.2 million. The remaining reductions are consistent with the updated retirement rates.*

**55<sup>th</sup> Trooper Training Class Recruitment.** The Department requests \$129,914 for the recruitment of the 55<sup>th</sup> Trooper Training Academy for additional medical and psychiatric costs. The Department will begin recruiting in the summer of 2012 with the written examination administered in the fall of 2012. The remainder of the recruiting process will take place throughout FY 2013, with the 55<sup>th</sup> Trooper Training Academy beginning on July 1, 2013. *The Governor does not include funding for this.*

**54<sup>th</sup> Trooper Training Academy.** The Department excludes the \$0.4 million in the enacted budget for the costs associated with the 54<sup>th</sup> trooper training academy. The class began on July 18, 2011 and trained for a period of 21 weeks with graduation on December 16, 2011. *The Governor recommends funding as requested.*

**Headquarter Operating Expenses.** The Department requests \$0.6 million for operating supplies and expenses for the new State Police Headquarters building, or \$0.2 million more than enacted. The State Police Headquarter and E-911 Public Safety Answering Point building was dedicated on October 22, 2010. The FY 2012 enacted budget included \$0.4 million for estimated annual operating expenses. The Department requests \$0.6 million based upon FY 2011 actual expenditures of \$0.5 million and \$0.1 million for maintenance contracts for the heating, ventilation and cooling system, the elevators, sprinkler systems and generators. *The Governor recommends funding as requested.*

**Pay-Go Pensions.** The Department requests \$18.4 million 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 \$0.9 million. Changes to the enacted budget assumptions include a cost-of-living adjustment of \$373,500 effective January 1, 2013. The increase is the net result of the death of three retirees and two retirements that have occurred since the submittal of the FY 2012 request and the unfunded retiree health insurance costs. The request also includes a full fiscal year for the eight members of the class of 1987 who retired in FY 2012. *The Governor recommends \$0.4 million less than requested consistent with changes in the Retirement Security Act of 2011 which suspends the cost-of-living adjustment after June 30, 2012 until the state retirement systems are better funded.*

**Vehicle Maintenance.** The Department requests \$1.8 million from all sources of funds for vehicle maintenance costs. This includes \$1.1 million or \$185,359 more than enacted from general revenues and the enacted amount, \$0.7 million, from Department of Transportation funding. The Department includes an increase for vehicle maintenance expenses as the number of older vehicles have increased. It should be noted that the Department requested \$145,748 less than enacted for vehicle maintenance expenses in its FY 2011 revised budget; however, the Department spent \$212,934 more than enacted for vehicle maintenance costs in FY 2011. The Department's request is consistent with prior spending history. *The Governor recommends \$60,000 less than requested to correspond with the purchase of new vehicles in FY 2012 and FY 2013 that will reduce the number of older vehicles within the Department's fleet.*

**Fleet Replacement.** The Department requests \$0.1 million for fleet replacement costs, which is \$0.3 million less than enacted from general revenues. This decrease reflects debt service for vehicles that have already been purchased. The State Police do not plan on purchasing any vehicles in FY 2012. The FY 2013 payment has been estimated consistent with the repayment schedule provided by the Budget Office. *The Governor recommends \$25,232 less than enacted, which is \$0.2 million more than requested based on a revised schedule provided by the Budget Office, including new vehicles purchased in FY 2012.*

**Fusion Center.** The Department includes \$0.6 million from federal sources for the purchase of a comprehensive intelligence system for the Rhode Island Fusion Center. This is \$0.3 million more than enacted to reflect two new grant awards the Department received in FY 2012 offset by two grant awards for which funding will be exhausted in FY 2013. The Rhode Island Fusion Center electronically collects information from a number of government and public databases. *The Governor recommends funding as requested.*

**Other Grants.** The Department requests \$0.8 million for all other grant expenses. This includes \$0.4 million for the Port Security Grant program, \$0.2 million for the Internet Crimes Against Children task force, \$48,022 for the Rhode Island State Police Victims Assistance program, \$0.1 million for the federal Cyber Terrorism Task Force grant award and \$27,810 for the Motor Carrier Safety program. The request includes a reduction of \$0.2 million as the federal Sex Offender Registration grant award and the Joint Law Enforcement task force grant with the Providence Police Department will be exhausted in FY 2012. *The Governor recommends funding as requested and includes \$0.1 million more than requested for the Motor Carrier Safety program to assist the Commercial Enforcement Unit reduce the number and severity of motor carrier accidents.*

**Training and Surveillance Equipment.** The Department requests \$50,000, the enacted amount from restricted receipts available from the forfeiture of seized money to purchase new equipment. The Department plans to purchase an undercover surveillance vehicle and replace desktop computers. After staff conducted a cash flow analysis of the Department's restricted receipt accounts, it appears as

though there is approximately \$0.7 million available in the Forfeited Property - Federal account. In the past, the Department has been reluctant to utilize these resources for the purchase of equipment. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$1.5 million from general revenues for all other operations or \$185,640 more than enacted. This includes \$61,619 more for trooper education and training, \$47,500 more for advertising, \$38,177 more for computer maintenance expenses based on actual experiences and \$27,244 more for other miscellaneous expenses. The Department also includes \$11,100 to lease space at T.F. Green airport for a member of the State Police. The State Police do not include any funding for the polygraph training program, for which \$4,000 was enacted, or the municipal traffic training program, for which \$5,000 was enacted.

*The Governor recommends \$174,289 more than enacted, including \$118,823 more from general revenues. This is \$66,817 less general revenues than requested including reductions for computer maintenance and other miscellaneous operating expenses. The Governor includes \$16,283 for the Division's share of expenses for occupancy of court buildings. The Governor also includes \$56,006 more than requested for expenses available from retirement savings for operating expenses.*

**Capital.** The Department requests \$2.4 million from Rhode Island Capital Plan funds for its capital projects, which is \$0.1 million less than enacted. The request includes \$1.8 million for improvements to the State Police Barracks, \$0.5 million for headquarter complex expansion and \$0.1 million for renovations at the headquarters. Detailed descriptions of all projects appear in the Capital Budget Section of this publication. *The Governor recommends funding essentially as requested, but reduces the headquarters complex expansion project by \$10,000.*

### Central Management

**New Positions.** The FY 2012 enacted budget includes an additional 2.6 full-time equivalent positions; however, did not include funding for these positions. The Department requests a 0.4 full-time equivalent position more than authorized and funding for all 3.0 positions. The positions include a general counsel, an administrative assistant and a paralegal clerk. The total request to fund these positions in FY 2013 is \$0.4 million. *The Governor recommends \$0.4 million and the additional 0.4 full-time equivalent position. This is \$33,661 less than requested to reflect updated retirement rates.*

**Other Salaries and Benefits.** Excluding the new positions, the Department requests \$1.4 million, including \$0.9 million from general revenues for 12.6 full-time equivalent positions. This is \$0.1 million more than enacted for updated benefit rates consistent with the Budget Office planning values. *The Governor recommends \$0.1 million less than requested from all funds to reflect updated retirement rates.*

**Other Grants.** The Department requests \$3.8 million from federal sources for all other grants, which is \$29,112 less than enacted. The request includes \$1.6 million for the crime victim's assistance grant program, \$0.2 million for United States Department of Justice grants to encourage arrest policies, \$1.0 million for Juvenile Accountability grants, and \$1.0 million for the Narcotics Control Assistance Program. *The Governor recommends \$47,790 more than requested to show resources for retirement benefits that are now available for operating expenditures.*

## Office of the Public Defender

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,668,306	\$ 9,547,072	\$ 10,629,546	\$ 9,760,705
Contracted Services	229,196	281,421	236,852	236,852
<b>Subtotal</b>	<b>\$ 9,897,502</b>	<b>\$ 9,828,493</b>	<b>\$ 10,866,398</b>	<b>\$ 9,997,557</b>
Other State Operating	845,709	873,797	882,101	969,991
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	100,000	101,596	101,596	101,596
Capital	33,730	41,999	49,952	49,167
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 10,876,941</b>	<b>\$ 10,845,885</b>	<b>\$ 11,900,047</b>	<b>\$ 11,118,311</b>
<b>Expenditures by Fund</b>				
General Revenue	\$ 10,300,580	\$ 10,358,214	\$ 11,460,747	\$ 10,679,011
Federal Aid	576,361	487,671	439,300	439,300
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 10,876,941</b>	<b>\$ 10,845,885</b>	<b>\$ 11,900,047</b>	<b>\$ 11,118,311</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>91.0</b>	<b>93.0</b>	<b>92.0</b>

**Summary.** The Office of the Public Defender's request is \$11.9 million from all sources, including \$11.5 million from general revenues and \$0.4 million from federal funds. This is \$1.0 million or 9.4 percent more than enacted, including \$1.2 million more from general revenues and \$0.1 million less from federal funds. Consistent with the enacted authorization, the Office requests 93.0 full-time equivalent positions.

*The Governor recommends \$11.1 million from all sources, including \$10.7 million from general revenues and 92.0 full-time equivalent positions. This is \$241,370 more than enacted, but \$781,736 and 1.0 position below the requested level.*

**Adult Drug Court Attorney.** The Office requests \$96,510 from general revenues for an attorney position to support the Adult Drug Court program. This reflects an anticipated expiration of federal funds and includes salary and benefit adjustments consistent with the Budget Office planning values. This is not included in the enacted budget. *The Governor eliminates the position and excludes the requested general revenue support.*

**Misdemeanor Attorney.** The Office requests \$111,575 from general revenues for an attorney position to replace the previously federally-funded Tri-County Screening attorney to handle misdemeanor cases transferred to Kent County. Misdemeanor cases were transferred by the 2011 Assembly at the request of the Judiciary to reduce overcrowding in courthouses in Providence and Wakefield. The request reflects an anticipated expiration of federal funds and includes salary and benefit adjustments consistent

with the Budget Office planning values. This is not included in the enacted budget. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Office's request is \$10.4 million from all sources, including \$10.2 million from general revenues for all other salaries and benefits. This is \$774,141 more than enacted from all sources, including \$894,731 more from general revenues and \$120,590 less from federal funds. This reflects updated benefit rates, essentially consistent with the Budget Office planning values. The request also includes step increases, added costs for medical benefits based on anticipated employee elections, and a minor adjustment in retirement contribution for members of the Laborers International Union of North America.

*The Governor recommends \$9.6 million from all sources, including \$9.4 million from general revenues and \$0.2 million from federal funds. This is \$1,810 more than enacted, but \$0.8 million less than requested to reflect updated retirement rates and additional turnover savings. His recommendation also includes general revenue expenses of \$81,000 shifted from federal funds to support a community outreach liaison position for FY 2013 because of anticipated expiration of a federal Byrne grant.*

**Trial Related Expenses.** The Office requests \$236,852 from all sources, including \$136,852 from general revenues for trial related expenses. This is \$7,656 more than enacted, including \$14,156 more from general revenues to reflect a projected increase for medical expert services, interpreters, and court reporters based on a higher volume of clients opting for trials and a greater demand for interpreters of less common languages. *The Governor recommends funding as requested.*

**All Other Operations.** The Office requests \$1.0 million from all sources, including \$0.9 million from general revenues and \$0.1 million from federal funds for all other operations. This is \$33,224 more than enacted to reflect projected expenses to upgrade the Office's software operating system and virtualized its four servers to allow for additional file storage space and facilitate the transition towards electronic documentation by providing a reliable backend storage solution. Other operating expenses include higher parking fees and associated tax rate increases and postage and delivery services. The Office experienced an increase of written correspondence, in part, due to a longer average duration between court appearances, which has resulted in more frequent communication with clients.

*The Governor recommends \$1.1 million from all sources, including \$1.0 million from general revenues and \$0.1 million from federal funds. This is \$0.1 million more than enacted or \$87,105 more than requested to reflect added funding for court overhead charges for office space and utilities, partially offset by savings of \$2,765 from insurance expenses based on FY 2011 expenditure experience.*

## Department of Environmental Management

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditure by Program</b>				
Office of the Director	\$ 8,084,947	\$ 9,756,720	\$ 8,556,453	\$ 8,296,863
Bureau of Natural Resources	52,742,139	57,592,689	55,331,831	56,401,981
Bureau of Environmental Protection	36,693,313	37,604,162	36,375,180	34,907,250
<b>Subtotal</b>	<b>\$ 97,520,399</b>	<b>\$ 104,953,571</b>	<b>\$ 100,263,464</b>	<b>\$ 99,606,094</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 46,139,196	\$ 45,624,070	\$ 49,140,486	\$ 44,835,187
Contracted Services	14,938,155	14,870,055	13,175,727	13,045,677
<b>Subtotal</b>	<b>\$ 61,077,351</b>	<b>\$ 60,494,125</b>	<b>\$ 62,316,213</b>	<b>\$ 57,880,864</b>
Other State Operations	10,651,705	12,414,272	11,039,493	12,543,442
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	7,747,922	8,330,090	7,361,263	7,330,293
Capital	17,993,421	23,665,084	19,496,495	21,801,495
Capital Debt Service	-	-	-	-
Operating Transfers	50,000	50,000	50,000	50,000
<b>Total</b>	<b>\$ 97,520,399</b>	<b>\$ 104,953,571</b>	<b>\$ 100,263,464</b>	<b>\$ 99,606,094</b>
<b>Sources of Funds</b>				
General Revenue	\$ 35,383,601	\$ 35,486,465	\$ 37,825,140	\$ 34,622,995
Federal Aid	38,356,542	42,777,296	35,923,931	35,920,173
Restricted Receipts	14,131,035	13,754,827	14,478,940	14,827,473
Other	9,649,221	12,934,983	12,035,453	14,235,453
<b>Total</b>	<b>\$ 97,520,399</b>	<b>\$ 104,953,571</b>	<b>\$ 100,263,464</b>	<b>\$ 99,606,094</b>
<b>FTE Authorization</b>	<b>410.0</b>	<b>410.0</b>	<b>407.0</b>	<b>407.0</b>

**Summary.** The Department requests \$100.3 million, which is \$2.7 million more than enacted. This includes \$2.4 million more from general revenues, \$2.4 million less from federal funds, \$0.3 million more from restricted receipts and \$2.4 million more from other funds. The request is \$522,813 more than the Budget Office's general revenue current service estimate of \$37.3 million.

The Department requests 407.0 full-time equivalent positions, which is 3.0 less than authorized. The request does not assume the transfer of the 6.0 dispatcher positions from the Department of Environmental Management to the Department of Public Safety. The 2010 Assembly included Article 7 of 2010-H 7397, which mandated the position transfer take place before the beginning of 2011. The 2011 Assembly delayed the transfer to January 1, 2012 by including Article 9 of 2011-H 5894 Substitute A, as amended.

*The Governor recommends \$99.6 million, \$2.1 million more than enacted including \$0.8 million less from general revenues, \$2.4 million less from federal funds, \$0.7 million more from restricted receipts and \$4.6 million more from other funds. The recommendation includes 407.0 positions as requested.*

*The three positions that would be eliminated are supervising environmental scientist, senior environmental scientist and environmental scientist. The Governor's budget proposal includes legislation to reverse the dispatcher transfer mandated by the Assembly.*

## **Administration**

**Salaries and Benefits.** The Department requests \$4.7 million for salaries and benefits in its administration office. The request is \$269,677 more than enacted, including \$92,770 more from general revenues and \$0.2 million more from restricted receipts. The general revenue amount reflects keeping two vacant positions open, one hearing officer and one senior word processing typist, and also reflects benefit rate increases consistent with the Budget Office instructions. The request assumes that the hearing officer and senior word processing typist positions will be held vacant for all of FY 2013. The Department indicates that it intends to fill these positions, but does not provide a specific time frame.

The increase in restricted receipt funding reflects the Department's ability to offset higher salary and benefit amounts to indirect cost recoveries from federal grants throughout the Department. The Department notes that while it is not eligible to utilize federal funds for salaries and benefits for certain employees throughout the agency, it is able to utilize indirect cost recoveries on federal funds for its administrative division. *The Governor recommends \$0.4 million less than requested, primarily to reflect the updated retirement rates.*

**Foundry Lease Payment.** The Department requests \$128,212 more from general revenues, including \$142,723 more for rent, offset by \$14,511 less for utilities at its headquarters facility, located at the Foundry building in Providence. The request reflects a payment increase that is part of its lease agreement. In March 2005, the Department entered a ten year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. The State Water Resources Board paid a pro-rated share of the rent while it occupied space in the Foundry building from FY 2009 until the end of FY 2011, including \$15,100 in rental payments in FY 2011, and 10.6 percent of the increase in rent can be attributed to the Board's departure. *The Governor recommends funding as requested.*

**Bays, Rivers and Watersheds Fund.** The Department requests \$39,010 more than enacted from the Bays, Rivers and Watersheds restricted receipt account. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state, and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The request is increased to reflect anticipated funding for FY 2013. *The Governor recommends \$18,740 more than requested, primarily to reflect available funds from retirement savings budgeted for unidentified expenses.*

**One-Stop Reporting.** The Department requests \$133,000, which is \$16,700 more than enacted from federal funds for the One Stop Reporting program. This program provides consulting and technology to the Department to upgrade its communication technology as well as insuring it is capable of uploading air quality information obtained by the Department to the national system, which is operated by the Environmental Protection Agency. The request reflects the Department's anticipated FY 2013 expenditures. *The Governor recommends funding as requested.*

**Office of the Director - All Other.** The Department requests \$17,907 more than enacted for all other operating expenditures in the Office of the Director. This includes \$23,375 more from general revenues and \$5,468 less from restricted receipts. The general revenue increase includes the purchase of computers for the Office's computer systems section. *The Governor recommends \$0.2 million more*

than requested, primarily to reflect available restricted receipt funds from retirement savings budgeted for unidentified expenses.

## **Bureau of Environmental Protection**

**Division of Water Resources Staffing.** The Department requests \$7.0 million or \$0.3 million more than enacted for salaries and benefits in the Division of Water Resources. The Division is responsible for the state's water resources that are used for recreation, habitat and commerce. The Department indicates that, due to a reduction in federal funding, it will reduce its Water Resources program by approximately \$338,000 and eliminate 3.0 unspecified full-time equivalent positions. The request includes a reduction of \$155,357 in salaries and also reflects benefit rate increases consistent with the Budget Office instructions.

*The Governor recommends \$5.8 million, which is \$0.9 million less than enacted and \$1.2 million less than requested. He includes the requested reduction of 3.0 positions because of lost federal funds. He further reduces expenses by \$0.4 million from general revenue to reflect not funding 4.0 additional positions, but he does not reduce the staffing authorization accordingly. The positions, all of which are currently filled, are a 1.0 environmental scientist position associated with the well driller registration program which would be repealed by Article 30 of 2012-H 7323, an environmental scientist associated with a different user fee program and 2.0 senior environmental scientists from the freshwater wetlands program. The reduction also includes \$0.8 million less than requested to reflect the updated retirement rates.*

**Division of Waste Management Staffing.** The Department requests \$3.3 million, \$0.1 million more than enacted for salaries and benefits for the Division of Waste Management. The Division is responsible for providing fair, comprehensive and consistent regulation of the investigation and remediation of hazardous waste and hazardous material releases. The request includes a reduction of \$96,359 in salaries due to anticipated turnover in the division and also reflects benefit rate increases consistent with the Budget Office instructions. *The Governor recommends \$0.3 million less than requested primarily to reflect the updated retirement rates.*

**Division of Air Resources Staffing.** The Department requests \$3.3 million, \$0.5 million more than enacted for salaries and benefits for the Division of Air Resources. The Division is responsible for the preservation, protection and improvement of air quality in Rhode Island. The request includes an increase of \$164,823 in salaries which reflects unachieved turnover in the division. The request also includes benefit rate increases consistent with the Budget Office instructions. *The Governor recommends \$26,006 less than requested primarily to reflect the updated retirement rates.*

**Division of Compliance and Inspection Staffing.** The Department requests \$3.5 million, or \$0.3 million more than enacted for the Division of Compliance and Inspection, which is responsible for the regulatory enforcement activities related to air, waste and water resources. The request includes one vacant senior environmental scientist position in the division and also reflects benefit rate increases consistent with the Budget Office instructions. *The Governor recommends \$0.3 million less than requested primarily to reflect the updated retirement rates.*

**All Other Salaries and Benefits.** The Department requests \$4.8 million, or \$0.8 million more than enacted for all other salaries and benefits in the Bureau of Environmental Protection. The request includes reflects unachieved turnover as well as benefit rate increases consistent with the Budget Office instructions. *The Governor recommends \$0.4 million less than requested primarily to reflect the updated retirement rates.*

**Federal Grants.** The Department requests \$0.6 million less than enacted from federal funds to more accurately reflect the Department's anticipated award for 18 grants in the Bureau of Environmental Protection. Major increases include \$100,000 more for air pollution control and \$210,000 more for diesel emissions reduction. Major decreases include \$183,950 less for the national pollutant discharge elimination system and \$539,782 less for leaking underground storage tanks, \$275,000 of which is from stimulus funds. The Department indicates that the stimulus grant for leaking underground storage tanks closed on September 30, 2011. *The Governor recommends \$0.4 million more than requested to better reflect anticipated awards and expenditures.*

**Rose Hill Landfill.** The Department requests \$14,808 more than enacted for maintenance activities at the state's Superfund site located at the former Rose Hill Landfill in South Kingstown. This includes \$15,000 more from general revenues, offset by \$192 less from federal funds. 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 requested increase reflects anticipated maintenance and monitoring activities of methane gases in FY 2013. The Department notes that is difficult to predict how much landfill gas monitoring activities will be needed in a given year. *The Governor recommends \$15,000 less than requested from general revenues for environmental remediation work at the Rose Hill Landfill to better reflect historical expenditures.*

**Brownfields.** The Department requests \$1.2 million from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot be developed, expanded or reused due to the presence of an environmental hazard. The state currently receives funding from federal sources as part of its ongoing program, as well as additional funds made available from the American Recovery and Reinvestment Act of 2009. The request is \$0.6 million less than enacted, and reflects the Department's anticipated FY 2013 award. The Department notes that the stimulus funds for the brownfields program must be expended by August 2012. *The Governor recommends \$69,885 more than requested to better reflect the anticipated award and expenditures.*

**Environmental Protection - All Other.** The Department requests \$7.5 million, \$1.1 million less than enacted for all other operating expenditures in the Bureau of Environmental Protection, including decreases of \$32,618 from general revenues, \$252,533 from restricted receipts and \$800,000 from other funds. The restricted receipts amount includes \$235,000 less for the Environmental Response Fund II to reflect anticipated revenues. The reduction in other funds is due to reduced funding for retrofitting heavy-duty diesel vehicles funded from a transfer of federal funds from the Department of Transportation. *The Governor recommends \$275,218 more than requested to reflect available federal funds from retirement savings budgeted for unidentified expenses.*

### **Bureau of Natural Resources**

**Parks and Recreation.** The Department requests \$9.7 million, \$0.4 million more than enacted from general revenues to fund its Division of Parks and Recreation. The request reflects increases of \$508,013 for operating supplies and expenses, \$15,800 for contracted professional services and \$3,000 for assistance and grants. These increases were offset by decreases of \$83,405 for salaries and benefits and \$1,000 for capital purchases and equipment. The Department has not achieved the operating savings that were included in the enacted budget, and its FY 2013 budget proposal closely mirrors the

historical spending of the Division and its revised request. *The Governor recommends \$0.3 million less than requested primarily to reflect the updated retirement rates.*

**Salaries and Benefits.** The Department requests \$0.8 million more than enacted for salaries and benefits in the Bureau of Natural Resources. This includes \$0.7 million more from general revenues, \$0.2 million more from federal funds, \$30,720 more from other funds and \$0.2 million less from restricted receipts. The request includes a decrease of \$4,850 in salaries and also reflects benefit rate increases consistent with the Budget Office instructions. *The Governor recommends \$1.3 million less than requested primarily to reflect the updated retirement rates.*

**Capital Projects.** The Department requests \$7.2 million from Rhode Island Capital Plan funds for five ongoing capital projects. The request is \$2.2 million more than enacted, including \$3.1 million more for upgrades to the areas surrounding Fort Adams in anticipation of hosting America's Cup pre-regatta races, and \$1.0 million less for improvements to Fort Adams State Park. More information on these capital projects is provided in the Capital Budget section of this publication. *The Governor recommends \$2.2 million more than requested to reflect the addition of a project to revitalize the currently closed World War II Park.*

**Federal Grants.** The Department requests \$3.4 million for 12 federal grants throughout the Bureau of Natural Resources. The request is \$1.7 million less than enacted, and reflects planned work and anticipated receipts for the grants. Major changes include \$1.2 million less for forest legacy administration, \$0.2 million less for boating safety and \$0.2 million less for National Oceanographic and Atmospheric Administration enforcement. *The Governor recommends \$0.4 million more than requested to better reflect anticipated awards and expenditures.*

**Saltwater Fishing License Receipts.** The Department requests \$0.2 million less than enacted from restricted receipts for costs related to operations of the state's saltwater fishing license program. The enacted budget included \$0.4 million, and the Department is requesting decreased funding based on projected receipts as well as its need for personnel to issue and enforce compliance with licenses as well as track data associated with marine catches. *The Governor recommends \$1,416 more than requested to reflect available funds from retirement savings budgeted for unidentified expenses.*

**Payments to Host Beach Communities.** The Department requests \$50,000 less than enacted from general revenues to better reflect anticipated payments to host beach communities. 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 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommends funding as requested.*

**Blackstone Valley Bikepath Design.** The Department requests \$1.0 million for architectural and engineering work on the Blackstone Valley Bikepath. The work is being funded from a transfer of federal funds from the Department of Transportation. The Department indicates that, due to an oversight, it did not request funding for this project in the enacted budget. *The Governor recommends \$6,092 more than requested to reflect available funds from retirement savings budgeted for unidentified expenses.*

**Natural Resources - All Other.** The Department requests \$3.3 million, or \$42,969 more than enacted from all sources for all other operating expenses in the Bureau of Natural Resources. The request includes \$139,469 less from general revenues, \$224,700 more from restricted receipts and \$42,969 less from other funds. The general revenue amount includes several reductions in the Division of

Agriculture, including \$74,255 less for landscaping supplies and \$11,707 less for printing costs. *The Governor recommends \$105,935 more than requested to reflect available funds from retirement savings budgeted for unidentified expenses.*

## Coastal Resources Management Council

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Category</b>				
Salaries & Benefits	\$ 3,445,140	\$ 3,377,058	\$ 3,819,899	\$ 3,420,243
Contracted Services	728,101	3,236,472	492,704	492,704
<b>Subtotal</b>	<b>4,173,241</b>	<b>\$ 6,613,530</b>	<b>4,312,603</b>	<b>3,912,947</b>
Other State Operations	99,534	166,290	99,465	209,450
Assistance, Grants, and Benefits	-	200	200	200
Capital	981,600	1,010,100	932,000	1,152,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,254,375</b>	<b>\$ 7,790,120</b>	<b>\$ 5,344,268</b>	<b>\$ 5,274,597</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,236,814	\$ 2,239,147	\$ 2,590,404	\$ 2,300,733
Federal Aid	2,038,461	4,571,873	1,823,864	1,823,864
Restricted Receipts	250,000	250,000	880,000	250,000
Other	729,100	729,100	50,000	900,000
<b>Total</b>	<b>\$ 5,254,375</b>	<b>\$ 7,790,120</b>	<b>\$ 5,344,268</b>	<b>\$ 5,274,597</b>
<b>FTE Authorization</b>	<b>30.0</b>	<b>30.0</b>	<b>30.5</b>	<b>29.5</b>

**Summary.** The Coastal Resources Management Council requests \$5.3 million from all funds, \$89,893 more than enacted from all sources, including \$353,590 more from general revenues, \$214,597 less from federal funds, \$630,000 more from restricted receipts and \$679,100 less from other funds. The Council's request, which is 0.5 positions more than authorized. *The Governor recommends \$5.3 million, \$20,222 more than enacted, including \$63,919 more from general revenues and \$170,900 more from Rhode Island Capital Plan funds. He recommends 0.5 fewer positions than enacted.*

**Engineering Position Elimination.** The Council has eliminated one engineering position because of a decrease in federal funding, and the layoff occurred at the end of the first quarter of FY 2012. The budget request reflects personnel savings of \$106,865 in FY 2013. *The Governor concurs with the Council's recommendation.*

**New Positions.** The Coastal Resources Management Council requests \$178,455 to fund 1.5 new full-time equivalent positions. The new positions include a 1.0 senior environmental scientist to address an increased volume of enforcement-related activities and a 0.5 full-time equivalent staff attorney to address underrepresentation of staff recommendations during public hearings. The senior environmental scientist position would be funded solely from general revenues, while the staff attorney position would be funded half from general revenues and half from federal funds. The Council eliminated one engineering position in its FY 2012 and FY 2013 requests. The Council requested 5.0 new positions in each of its FY 2007 through FY 2010 budget requests and 6.0 new positions in its FY 2012 request, but the Governor did not recommend funding and the Assembly concurred. *The Governor recommends adding the part-time attorney position, but not the scientist.*

**Other Salaries and Benefits.** The Council requests \$3.8 million, or \$0.4 million more than enacted from all sources for all other salary and benefit expenses for the remaining 29.0 full-time equivalent positions. The request includes \$313,630 more from general revenues and \$61,129 more from federal funds. The request reflects benefit rate increases consistent with the Budget Office instructions. *The Governor recommends \$0.3 million less than requested, primarily to reflect updated retirement rates.*

**Legal Services.** The Council requests \$126,000 from general revenues for legal services. Although the request is consistent with the enacted amount, it includes shifting \$36,000 of federal fund expenditures to general revenues to purchase legal services for the Council. The FY 2012 enacted budget includes these expenditures from federal funds to reflect an initiative by the Council to shift a portion of the general revenue funded legal costs to federal sources. The Council, which is requesting the addition of a part-time staff attorney, is also requesting full funding for its contract for outside legal services. The Council did not request the staff attorney position in its FY 2012 revised request. *The Governor recommends funding as requested.*

**Narragansett Bay Restoration.** The Council requests \$59,144 less from federal funds for restoration projects in Narragansett Bay. The restoration is completed by using living and organic materials to restore the habitat along areas of the coast that have been hardened with bulkheads and seawalls. The Council is requesting the additional funds to reflect its anticipated FY 2013 award. *The Governor recommends funding as requested.*

**Aquatic Invasive Species.** The agency requests \$33,593, or \$12,353 less than enacted from federal funds to reflect the Council's anticipated award for the aquatic invasive species management program. Funding is used to coordinate and communicate early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommends funding as requested.*

**River Ecosystem Restoration.** The Council requests \$0.2 million less than enacted from federal funds to reflect a grant from the National Oceanographic and Atmospheric Administration. Funding is used for six individual projects in the Pawcatuck River area that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. The Council indicates that the River Ecosystem Restoration project has been extended until December 31, 2013 to reflect that there have been some delays with the project due to the scope of the work. The Council's operating request is not consistent with the capital request, in which the Council requests \$1.0 million in funding for this project in FY 2013. *The Governor recommends funding as requested.*

**Capital Projects.** The Council requests \$930,000, or \$49,100 less than enacted, including \$50,000 from Rhode Island Capital Plan funds and \$880,000 from restricted receipts from the Oil Spill Prevention, Administration and Response Fund for four projects in FY 2013. The request is not consistent with the Council's FY 2013 through FY 2017 capital plan in that different fund sources are requested for the Large Rock Removal project and the South Coast Restoration Project. *The Governor recommends \$1.2 million for three capital projects as described in the Capital Section of this analysis.*

**All Other Operating.** The Council requests \$36,831 more than enacted, including \$3,960 more from general revenues and \$32,871 more from federal funds for all other operating expenditures not mentioned above. The Council's operating expenditures are primarily federally funded, and the request reflects updated expenditures as well as the anticipated federal funding. *The Governor recommends \$109,985 more than requested, primarily to reflect available federal funds from retirement savings budgeted for unidentified expenses.*

## Department of Transportation

	FY 2012 Enacted	FY 2012 Revised	FY 2013 Request	FY 2013 Recommended
<b>Expenditures by Program</b>				
Central Management	\$ 12,503,313	\$ 10,797,176	\$ 12,003,114	\$ 11,868,811
Management and Budget	1,176,686	1,510,979	2,034,160	1,937,648
Infrastructure Program	413,306,934	428,546,833	493,228,851	478,467,451
<b>Total</b>	<b>\$ 426,986,933</b>	<b>\$ 440,854,988</b>	<b>\$ 507,266,125</b>	<b>\$ 492,273,910</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 66,452,206	\$ 71,633,408	\$ 80,041,516	\$ 74,451,143
Contracted Services	37,090,100	37,666,460	37,206,060	37,166,460
<b>Subtotal</b>	<b>\$ 103,542,306</b>	<b>\$ 109,299,868</b>	<b>\$ 117,247,576</b>	<b>\$ 111,617,603</b>
Other State Operations	40,358,661	35,686,683	40,430,767	41,848,619
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	68,555,745	50,970,474	32,265,114	32,281,511
Capital	114,581,681	142,880,980	214,413,535	204,707,444
Capital Debt Service	-	-	-	-
Operating Transfers	99,948,540	102,016,983	102,909,133	101,818,733
<b>Total</b>	<b>\$ 426,986,933</b>	<b>\$ 440,854,988</b>	<b>\$ 507,266,125</b>	<b>\$ 492,273,910</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	309,995,579	338,457,178	362,822,646	362,333,768
Restricted Receipts	1,000,000	998,891	1,000,000	998,758
Other	115,991,354	101,398,919	143,443,479	128,941,384
<b>Total</b>	<b>\$ 426,986,933</b>	<b>\$ 440,854,988</b>	<b>\$ 507,266,125</b>	<b>\$ 492,273,910</b>
<b>FTE Authorization</b>	<b>772.6</b>	<b>772.6</b>	<b>772.6</b>	<b>772.6</b>

**Summary.** The Department of Transportation requests \$507.3 million from all sources, including \$362.8 million from federal funds, \$143.4 million from other funds and \$1.0 million from restricted receipts. The request is \$80.3 million more than enacted, including increases of \$52.8 million from federal funds and \$27.4 million from other sources. The request includes the enacted number of full-time equivalent positions. *The Governor recommends \$492.3 million, including \$362.3 million from federal funds, \$128.9 million from other funds and \$1.0 million from restricted receipts. The recommendation includes the enacted level of 772.6 positions.*

**Staffing.** The Department's request includes 772.6 positions, which is the enacted level. As of the first pay period in January, the Department has 708.6 filled positions or 64.0 less than enacted. Based on the Department's cost per position of \$69,766, this equates to \$4.5 million of turnover for FY 2013. However, in the current request, the Department has included \$2.5 million of projected turnover, or turnover for approximately 30 positions. *The recommendation includes the enacted level of 772.6 positions and the requested amount of \$2.5 million of turnover.*

### 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 some funding from other departmental 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.

Source	FY 2011 Reported	FY 2012 Enacted	FY 2013 Request	FY 2013 Recommended
Federal Highway Admin. Funds	\$ 101,165,675	\$ 202,841,715	\$ 271,684,624	\$ 271,684,624
Federal Stimulus Funds	54,352,630	7,006,375	1,532,475	1,706,070
Other Federal Funds	79,388,575	103,671,377	87,530,652	88,943,074
Gasoline Tax*	95,784,871	92,487,068	106,332,785	97,393,832
General Obligation Bonds**	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]
Motor Fuel Tax Revenue Bond Earnings	-	-	2,616,695	4,076,029
Land Sale Revenue	1,367,888	2,000,000	726,790	1,903,635
Interstate 195 Land Sales	-	14,603,398	19,945,054	20,450,838
Rhode Island Capital Plan Funds	2,533,723	3,267,000	15,787,050	5,007,050
Restricted Receipts	187,950	1,000,000	1,000,000	998,758
Motor Vehicle Fees	-	-	-	[13,646,434]
Other Funds	10,434,233	110,000	110,000	110,000
<b>Total</b>	<b>\$ 345,215,545</b>	<b>\$ 426,986,933</b>	<b>\$ 507,266,125</b>	<b>\$ 492,273,910</b>

\*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 DOT's budget, but are included for illustrative purposes only.

It should be noted that the Federal Highway Administration source includes the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$48 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, under the fund source FHWA funds.

The Department's fund sources are described in greater detail below.

**Federal Funds - Highway Administration.** The Department receives an average of \$200.0 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. The 2009 through 2012 plan has been approved by the State Planning Council. The Department, in conjunction with the State Planning Council, is currently drafting the 2013 through 2016 Plan. *The Governor recommends the requested \$271.7 million from federal highway funds.*

**Federal Stimulus Funds.** The Department’s revised request includes \$1.5 million from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The Department was originally allocated \$139.1 million from stimulus funds and the current request reflects the final stages of funding and construction created through the Stimulus Act. *The Governor recommends \$1.7 million.*

**Other Federal Funds.** This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to 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’s request includes \$87.5 million from this source in FY 2013. *The Governor recommends \$88.9 million.*

**Gasoline Tax Proceeds.** The 2009 Assembly removed the remaining one cent of the 33 cent gasoline tax dedicated to general revenues and transferred it to the Department. The request does not change the current disposition of funding. The following table illustrates the current and requested disposition of proceeds.

Entity	FY 2011	FY 2012	FY 2013	FY 2013
	Actual	Enacted	Request	Recommended
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 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 Department of Transportation, the Rhode Island Public Transit Authority (RIPTA) and the elderly/disabled transportation program.

The FY 2012 enacted budget was based on a per penny yield of \$4.2 million and the Department utilizes an estimate of \$4.3 million in its FY 2013 request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The following table shows the recent history of available gasoline tax proceeds and other funds.

<b>Other Funds</b>	<b>FY 2011 Reported</b>	<b>FY 2012 Revised</b>	<b>FY 2013 Request</b>	<b>FY 2013 Recommended</b>
<i>Gas Tax Yield per Cent</i>	4.210	4.252	4.317	4.224
<i>RIDOT Cents</i>	21.75	21.75	21.75	21.75
<i>RIPTA Cents*</i>	9.75	9.75	9.75	9.75
<b>DOT Budget (RIDOT and RIPTA)</b>				
Balance Forward	\$ 3,366,417	\$ 1,448,255	\$ (9,611,340)	\$ (2,469,372)
Gas Tax	132,625,206	133,946,789	135,985,500	133,062,300
Debt Service Transfer	(35,444,941)	(44,952,082)	(55,082,756)	(44,339,886)
Internal Services Funds Transparency	(1,505,144)	(2,187,900)	(2,351,333)	(2,208,990)
Nonland Surplus Property	-	10,000	10,000	10,000
Interstate 195 Land Sales	-	-	19,945,054	20,450,838
Land Sales	1,367,886	851,145	726,790	726,790
Motor Vehicle Fees	-	-	-	13,646,434
Other (SIB, RICAP, Outdoor Adv)	2,006,861	3,557,400	15,887,050	5,107,050
Available	\$ 102,416,285	\$ 92,673,607	\$ 105,508,965	\$ 123,985,164
Expenditures	102,644,134	102,284,946	137,569,865	122,843,423
Surplus/Deficit	\$ (227,849)	\$ (9,611,340)	\$ (32,060,900)	\$ 1,141,741
<b>RIDOT</b>				
Balance Forward	\$ 3,366,417	\$ 1,448,255	\$ (9,611,340)	\$ (2,469,372)
Gas Tax	91,574,547	92,487,068	93,894,750	91,876,350
Debt Service Transfer**	(34,463,250)	(43,846,738)	(53,099,047)	(42,317,954)
Internal Services Funds Transparency	(1,505,144)	(2,187,900)	(2,351,333)	(2,208,990)
Nonland Surplus Property	-	10,000	10,000	10,000
Interstate 195 Land Sales	-	-	19,945,054	20,450,838
Land Sales	1,367,886	851,145	726,790	726,790
Motor Vehicle Fees	-	-	-	13,646,434
Other (SIB, RICAP, Outdoor Adv)	2,006,861	3,557,400	15,887,050	5,107,050
Available	\$ 62,347,317	\$ 52,319,230	\$ 65,401,924	\$ 84,821,146
Gas Tax	59,200,419	57,512,025	60,893,930	56,207,882
Interstate 195 Land Sales	-	-	19,945,054	20,450,838
Land Sales	1,367,886	851,145	726,790	1,903,635
Nonland Surplus Property	-	10,000	10,000	10,000
Other (SIB, RICAP, Outdoor Adv)	2,006,861	3,557,400	15,887,050	5,107,050
Other Expenditures	62,575,166	61,930,570	97,462,824	83,679,405
Surplus/Deficit	\$ (227,849)	\$ (9,611,340)	\$ (32,060,900)	\$ 1,141,741
<b>RIPTA</b>				
Gas Tax	\$ 41,050,659	\$ 41,459,720	\$ 42,090,750	\$ 41,185,950
Debt Service Transfer	(981,691)	(1,105,344)	(1,983,709)	(2,021,932)
Available	40,068,968	40,354,376	40,107,041	39,164,018
Expenditures	\$ 40,068,968	\$ 40,354,376	\$ 40,107,041	\$ 39,164,018

*\*Total includes one-half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.*

*\*\*Debt Service reduced by \$2.0 million in FY 2012 and FY 2013 due to the availability of Build America Bond proceeds, and FY 2013 also reflects \$10.0 million of savings from restructuring outstanding debt.*

The enacted budget for the Department includes an \$11.1 million structural deficit, which was caused by declining gasoline tax revenues and increasing costs. Increased costs were primarily due to debt

service, winter maintenance and personnel. The Department had revised this shortfall in its revised request to \$9.6 million, which is the carry forward deficit for FY 2013.

The Department's FY 2013 request includes a year ending deficit of \$32.1 million. This is primarily due to a \$9.6 million carry forward deficit, a \$3.6 million increase in gasoline tax expenditures, an increase of \$10.0 million for debt service, current service employee costs and the disappearance of other one-time fixes, such as reductions to gasoline tax funded debt service.

*The Governor's budget includes a \$0.9 million deficit for FY 2013. It differs from the request in the following way: reducing the carry forward deficit by \$7.1 million through initiatives in FY 2012, a reduction to gasoline tax funded debt service to reflect actual issuances and the addition of \$13.6 million from accelerating motor vehicle fee increases that were enacted by the 2011 Assembly.*

**Rhode Island Public Transit Authority Gasoline Tax.** Under existing statute, the Rhode Island Public Transit Authority receives 9.75 cents of the 33 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 enacted budget was based on a per penny yield of \$4.2 million, and the Department utilizes that same estimate for its transfer to the Authority. Net of debt service for its share of general obligation bond proceeds, the Authority will receive \$40.1 million in FY 2013. *Based on a downward revision to the gasoline tax yield, the Governor recommends \$39.2 million, \$0.9 million less than requested.*

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. 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. The Department requests the use of \$40.0 million of general obligation bond proceeds in its FY 2013 request. *The Governor recommends funding as requested.*

**Motor Fuel Tax Bond Residuals.** To respond to the need to accelerate transportation project implementation, the Rhode Island General Assembly on July 15, 2003, enacted legislation with the Rhode Island Department of Transportation and the Governor's support which authorizes the state to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. In 2003, 2006 and 2009 the state completed phases of the three-part bond transaction that will provide \$660.5 million in construction funds for five major infrastructure projects financed by two methods.

The remaining costs will be provided through Motor Vehicle Tax Revenue bonds. This funding is financed through a two-cent dedication of the Department's gasoline tax allocation. Since these bonds were issued in 2003, the value of two cents of the gasoline tax is used for the annual debt service prescribed for in the bond indenture. On numerous occasions, the value of the two cents has been higher than the necessary debt service payment, and the remaining amount is deposited into a residual account. These sources account for \$2.6 million in FY 2013, and the Department has programmed

these funds into its capital program to make final payments for the GARVEE funded projects. *The Governor recommends \$4.1 million based on revised project expenses for FY 2013.*

**Land Sale Revenue.** This fund source is comprised of land sales from Department owned land. These proceeds can be used to purchase equipment or to offset operating costs throughout the Department. The Department requests \$0.7 million from this source in FY 2013. *The Governor recommends \$1.9 million from this source in FY 2013.*

**Interstate 195 Land Sales.** These funds are derived from the sale of land made available through the relocation of Interstate 195. Funding is deposited into a restricted receipt account and may only be used to fund other portions of the project; it cannot be used at the Department's discretion. The Department requests \$19.9 million from this source for FY 2013. The intention of the Department was to sell the parcels of land made available through the relocation to finance approximately \$40 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provided that an appraisal of the parcels would be completed. Upon this, the Economic Development Corporation would issue enough bonds to cover the payment to the Department for the land.

The amount was estimated to be \$40.0 million and the above referenced bill enabled the Corporation to issue up to \$42.0 million of bonds, including \$2.0 million for issuance costs. The payment of these proceeds to the Department would allow it to complete the project, while the Corporation would be eligible to sell the parcels for the highest potential sales price for the most viable economic development of the area. *The Governor recommends \$20.1 million from this source in FY 2013.*

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department's capital budget request and appear as operating transfers 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 requests \$15.8 million from this source in its FY 2013 request. *The Governor recommends \$5.0 million for FY 2013.*

**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 \$1.0 million to the Department and is based on projected municipal work. The Department requests \$1.0 million from this source in its FY 2013 request. *The Governor recommends funding as requested.*

**Motor Vehicle Fees.** The 2011 Assembly enacted legislation establishing a transportation trust fund that would be funded through incremental increases of license and registration fees as part of a plan to reduce the state's reliance on borrowing for transportation. The incremental increases would begin in FY 2014 and reach their peak in FY 2016, when they will generate approximately \$20 million annually.

*The Governor proposes to accelerate the fee increases, such that they are fully implemented on January 1, 2013 and allow the Department of Transportation to use the proceeds for operating costs. The budget assumes this generates \$13.6 million for use by the Department in FY 2013.*

**Other Funds.** These funds are derived from the sale of Department owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The Department's FY 2013 request includes \$0.1 million from this source. *The Governor recommends funding as requested.*

## Expenditures

**Stimulus Projects.** The Department requests \$1.5 million, \$0.6 million less than enacted from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The request reflects the final year of funding for stimulus projects. *The Governor recommends \$0.5 million less than enacted to reflect revised expenditures in FY 2013.*

**Federal Highway Administration Projects.** Excluding salaries and benefits, the Department's request includes \$238.3 million from federal funds for highway projects in FY 2013. This is \$53.0 million more than enacted to reflect a revised construction schedule. The Department notes 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 notes that this practice can lead to adjustments both during and prior to the state's fiscal year.

For FY 2013, expenditures include \$18.8 million for the five GARVEE funded projects, \$70.3 million for repairs and maintenance on bridges, \$20.0 million for congestion mitigation and road enhancements, \$15.4 million for highways, \$17.1 million for interstate projects, \$45.1 million for pavement and resurfacing and \$20.9 million for traffic safety improvement projects. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures. *The Governor recommends funding as requested, but shifts \$1.4 million from federal funds available from retirement savings to unidentified operating costs.*

Program Area	FY 2013 Request	Share of Total
Administrative Program	\$ 10,388,018	4%
Enhancements	19,669,443	8%
Bridge Program	70,275,237	29%
Highway Program	15,394,261	6%
Interstate Program	17,144,386	7%
GARVEE Projects	18,808,941	8%
Pavement Management Program	45,119,839	19%
Traffic Safety Program	20,947,870	9%
Federal Highway Earmark Projects	13,397,663	6%
Other Programs	7,148,835	3%
<b>Total</b>	<b>\$ 238,294,492</b>	<b>100%</b>

**Salaries and Benefits.** The Department requests \$80.0 million, \$13.6 million more from all funds for salaries and benefits. This includes \$7.0 million more from federal funds and \$6.0 million more from other sources, and the authorized level of 772.6 positions. Of the increase in the request, \$6.3 million is due to a revised retirement rate, consistent with Budget Office planning values. The revised request also programs an additional \$1.7 million to fund personnel costs that were previously funded with indirect cost recoveries that will not be available in FY 2013. The remainder of the increase includes \$1.8 million for seasonal employees, \$0.7 million for overtime and \$1.1 million of additional personnel costs for step increases to account for current staff. As of the first pay period in January the Department has 708.6 filled full-time equivalent positions or 64.0 positions below the authorized level. Based on the Department's cost per position of \$63,960, this equates to \$4.5 million of turnover for FY 2013. *The Governor recommends \$8.0 million, \$5.6 million less than requested to reflect revisions to the retirement rate based on enacted pension changes.*

**GARVEE Bond Projects.** The Department requests \$2.6 million from other funds for four large scale capital projects. The 2003 Assembly authorized the state to advance certain projects with GARVEE

bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. These funds were combined with proceeds from the Motor Vehicle Tax Revenue bonds, which are financed through a two-cent dedication of the Department's gasoline tax allocation.

On certain occasions, the value of the two cents has been higher than the necessary debt service payment, and the remaining amount is deposited into a residual account. These sources account for \$2.6 million in FY 2013, and the Department has programmed these funds into its capital program to make final payments for the GARVEE funded projects, including the Freight Rail Improvement Plan, the relocation of Interstate 195, the construction of the Route 403 interchange and the Sakonnet River Bridge. *The Governor recommends \$4.1 million based on revised project expenses for FY 2013.*

**National Highway Transportation Safety Administration Grants.** The Department's request includes \$9.9 million, \$1.0 million less than enacted from the National Highway Transportation Safety Administration for FY 2013. The changes from the enacted budget are being requested to reflect the actual federal award. Major changes include decreases of \$1.0 million for impaired driving prevention programs and \$0.4 million for state and highway safety programs, offset by increases of \$0.5 million for primary seatbelt law enforcement and \$0.2 million for passenger protection initiatives. *The Governor recommends funding as requested, but shifts \$45,263 from federal funds available from retirement savings to unidentified operating costs.*

**Fixed Guideway/Commuter Rail.** The Department requests \$12.8 million or \$5.9 million less than enacted from federal transit funds for the Fixed Guideway Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service is expected to operate between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department notes the request is being increased to reflect new projects at Kingston and Providence, as well as the completion of the Wickford Junction facility. *The Governor recommends funding as requested, but shifts \$29,491 from federal funds available from retirement savings to unidentified operating costs.*

**Equipment Purchase.** The Department requests \$0.7 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$1.3 million less than enacted due to lower than anticipated land sale revenue and the Department has decreased its request to reflect this change. The Department notes funding would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. It should be noted that these land sale revenues are separate and distinct from land sales associated with the relocation of Interstate 195. *The Governor recommends \$67,528 more than requested to reflect increased land sale proceeds available for equipment purchase in FY 2013.*

**Interstate 195 Relocation.** The Department requests \$5.3 million from other funds in its request to reflect an updated timeline for the sale of land parcels made available from the relocation of Interstate 195. Funding will be used to make final payments for the project. The intention of the Department was to sell the parcels of land to finance approximately \$40 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provides that an appraisal of the parcels would be completed, followed by the purchase of the parcels by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department would allow it to complete the project, while the Corporation would be eligible to sell the parcels at its own pace. The request reflects funding the Department plans to receive in FY 2013. *The Governor recommends \$0.5 million more than requested to reflect revised land sale proceeds in FY 2013.*

**Rhode Island Capital Plan Fund Projects.** The Department requests \$15.8 million, \$12.5 million more than enacted from Rhode Island Capital Plan funds for nine projects. The increase reflects four new initiatives, including capital equipment replacement, a highway drainage preservation plan, train station repairs and a cooperative maintenance facility with the Public Transit Authority. The request reflects planned expenditures and a revised construction schedule for the maintenance facilities. These projects are explained in greater detail in the Capital Budget Section of this analysis. *Consistent with his recommendation, the Governor recommends \$10.8 million less than requested from Rhode Island Capital Plan Funds. These projects are explained in greater detail in the Capital Budget Section of this analysis.*

**RIPTA Gasoline Tax Transfer.** The Department requests \$42.1 million from gasoline tax proceeds in the Intermodal Surface Transportation Fund be transferred to the Rhode Island Public Transit Authority for operating expenses. The request is based on a per penny yield of \$4.3 million, and is distributed to the Authority pursuant to Rhode Island General Law 31-36-20. The request is \$1.8 million more than enacted to reflect a corrected gasoline tax allotment. It should be noted the Authority is projecting a \$10.0 million operating shortfall for FY 2013. Fluctuations in the gasoline tax yield will impact this deficit accordingly. *Based on a downward revision to the gasoline tax yield, the Governor recommends \$39.2 million, \$0.9 million less than requested.*

**Maintenance Operations.** The Department requests the enacted amount of \$5.5 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 Governor recommends \$0.1 million more than requested to reflect historical maintenance operation expenditures.*

**Vehicle Maintenance.** The Department requests the enacted amount of \$5.8 million from gasoline tax proceeds for vehicle maintenance throughout the Department. The Department notes 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 Governor recommends \$1.4 million less than requested to reflect revised vehicle maintenance expenditures.*

**Winter Maintenance Operations.** The Department requests the enacted amount of \$12.1 million for operating expenses related to the winter maintenance program for FY 2013. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2007 through FY 2011 is \$11.5 million, and the current request is \$0.6 million above that. It should be noted that the Department spent a historically high amount of \$17.9 million in FY 2011 due to a severe winter. Excluding that amount, the average is closer to \$10.0 million. It should also be noted that winter maintenance is exclusively funded from gasoline tax proceeds and any funding surplus or deficit for these operations will directly impact the Department's projected gasoline tax shortfall. *The Governor recommends \$1.2 million less than requested to reflect revised expenditures for winter maintenance.*

**GARVEE Debt Service.** The Department requests the enacted amount of \$57.0 million, including \$48.4 million from federal funds and \$8.6 million from gasoline tax proceeds for debt associated with GARVEE bond funded projects. The federal fund debt service represents the amount of Federal Highway Administration funding that is not used for projects, but rather, as a debt service payment on future federal highway funding. The gasoline tax represents the debt service payments for the motor vehicle tax revenue bonds, which is equal to two cents worth of gasoline tax, or \$8.6 million. It should be noted that other debt service for the Department's general obligation bonds is shown in the

Department of Administration's budget. *Based on a downward revision to the gasoline tax yield, the Governor recommends the Department's debt service be reduced by \$54,508 to reflect actual debt service obligations.*

**All Other Operating.** The Department requests \$2.4 million, \$66,387 more than enacted from all sources for all other operating costs. This includes increases of \$67,000 from other funds and \$22,792 from federal funds offset by a reduction of \$23,405 from restricted receipts. *The Governor recommends funding as requested, but shifts \$1.2 million from federal funds available from retirement savings to unidentified operating costs.*

### Other Transportation Initiatives

The 2011 Assembly enacted legislation establishing a transportation trust fund that would be funded through incremental increases of license and registration fees as part of a plan to reduce the state's reliance on borrowing for transportation. The incremental increases would begin in FY 2014 and reach their peak in FY 2016, when they will generate approximately \$20 million annually.

The Governor proposes to accelerate the fee increases, such that they are fully implemented on January 1, 2013 and transfer them into the Intermodal Surface Transportation Fund, which would allow the Department of Transportation to use all of the proceeds for operating costs in FY 2013. This recommendation coincides with legislation contained in Article 25 of 2012-H 7323, and would provide the Department with an additional \$13.6 million in FY 2013 for operating costs. The recommendation is summarized in the table below.

Fiscal Year	Biannual Registration Fee	Annual Registration Fee	License Cost	Total New Annual Funding	Increase to ISTF	Increase to Trust Fund
2013	\$ 13,546,185	\$ 2,807,190	\$ 4,471,338	\$ 20,824,713	\$ 13,646,434	\$ -
2014	13,546,185	2,807,190	4,471,338	20,824,713	13,890,084	6,934,629
2015	13,546,185	2,807,190	4,471,338	20,824,713	6,955,454	13,869,259
2016	13,546,185	2,807,190	4,471,338	20,824,713	-	20,824,713
	<b>\$ 94,823,295</b>	<b>\$ 19,650,330</b>	<b>\$ 31,299,366</b>	<b>\$ 145,772,991</b>	<b>\$ 34,491,972</b>	<b>\$ 104,102,740</b>

Beginning in FY 2014, one-third of the additional fee revenue will be deposited into the trust fund, with the remainder available for use by the Department for operations. The amount transferred to the trust fund will increase to two-thirds in FY 2015 with 100 percent being transferred to the trust fund in FY 2016. The approximate value of \$20 million in FY 2016 will be combined with \$20 million of Rhode Island Capital plan funds to equal \$40 million annually, which will replace the same amount of general obligation bonds the Department uses to match federal funds for its highway program. This initiative will result in the end of general obligation bonding in FY 2016, but will not have an immediate impact on current shortfalls projected for the Department.

In order to alleviate current debt obligations of the Department, the Governor has recommended restructuring the outstanding general obligation bond debt service so that it is a steadier annual amount. Because debt service is paid with gasoline tax proceeds, the Department will have additional proceeds available for operations when debt service is reduced from the current amount, and flattened out in the long term.

The restructuring of the debt will be aided by rebates available from Build America Bonds, which is borrowing utilized by the state at the outset of the American Recovery and Reinvestment Act of 2009. These reimbursements will be available until FY 2030, and the Department's debt service would be extinguished in FY 2034. The below table summarizes the extinguishment of the Department's debt.

Fiscal Year	Outstanding Debt Service	Build America			Projected Restructuring	General Revenue	Net Gas Tax Funded Debt Service
		Bonds Reimbursement	Projected Debt Service	Projected Debt Service			
2013	\$ 54,099,467	\$ (2,015,980)	\$ 1,166,667	\$ (10,932,201)		\$ 42,317,953	
2014	\$ 46,094,601	\$ (2,015,980)	\$ 4,433,197	\$ (6,468,780)	\$ (10,000,000)	\$ 32,043,037	
2015	\$ 49,665,584	\$ (2,015,980)	\$ 4,914,652	\$ (4,143,035)	\$ (20,000,000)	\$ 28,421,222	
2016	\$ 45,323,248	\$ (2,015,980)	\$ 4,914,652	\$ 2,048,000	\$ (30,000,000)	\$ 20,269,920	
2017	\$ 45,018,879	\$ (2,015,980)	\$ 4,914,652	\$ 1,998,000	\$ (40,000,000)	\$ 9,915,551	
2018	\$ 36,477,586	\$ (2,015,980)	\$ 4,914,652	\$ 3,733,000	\$ (43,109,258)	\$ -	
2019	\$ 35,481,854	\$ (2,015,980)	\$ 4,914,652	\$ 3,733,750	\$ (42,114,276)	\$ -	
2020	\$ 31,530,761	\$ (2,015,980)	\$ 4,914,652	\$ 3,737,500	\$ (38,166,934)	\$ -	
2021	\$ 38,791,408	\$ (2,015,980)	\$ 4,914,652	\$ 3,733,750	\$ (45,423,830)	\$ -	
2022	\$ 34,843,577	\$ (1,868,570)	\$ 4,914,652	\$ 3,737,500	\$ (41,627,159)	\$ -	
2023	\$ 34,054,401	\$ (1,710,900)	\$ 4,914,652	\$ 3,738,000	\$ (40,996,153)	\$ -	
2024	\$ 29,257,633	\$ (1,544,080)	\$ 4,914,652	-	\$ (32,628,205)	\$ -	
2025	\$ 26,127,608	\$ (1,367,622)	\$ 4,914,652	-	\$ (29,674,638)	\$ -	
2026	\$ 25,967,088	\$ (1,179,140)	\$ 4,914,652	-	\$ (29,702,600)	\$ -	
2027	\$ 22,417,309	\$ (958,514)	\$ 4,914,652	-	\$ (26,373,447)	\$ -	
2028	\$ 20,614,654	\$ (730,480)	\$ 4,914,652	-	\$ (24,798,826)	\$ -	
2029	\$ 13,849,217	\$ (494,898)	\$ 4,914,652	-	\$ (18,268,971)	\$ -	
2030	\$ 13,600,741	\$ (251,496)	\$ 4,914,652	-	\$ (18,263,898)	\$ -	
2031	\$ 3,812,078	-	\$ 4,914,652	-	\$ (8,726,730)	\$ -	
2032	\$ 3,809,970	-	\$ 4,914,652	-	\$ (8,724,622)	\$ -	
2033	-	-	\$ 1,604,852	-	\$ (1,604,852)	\$ -	
2034	-	-	\$ 481,456	-	\$ (481,456)	\$ -	

The Governor's debt restructuring plan also utilizes \$10.0 million of general revenue beginning in FY 2014 to replace the same amount of gasoline tax funding used for debt service. This amount will increase by \$10.0 million each year until the Department is no longer obligated to pay any general obligation bond debt service in FY 2018. The Department's available proceeds will increase by the amount of general revenue that is used each year to replace gasoline tax funded debt service.