

# **House Fiscal Advisory Staff**

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## **Governor's FY 2020 Budget at a Glance Summary and Special Reports**



Submitted to the 2019 House of Representatives

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## **Budget at a Glance and Special Reports: A User Guide**

Enclosed is a publication prepared by the House Fiscal Staff to help you better understand the Governor's FY 2020 budget proposal and recommended revisions to the FY 2019 budget. This is also available on the General Assembly website <http://www.rilegislature.gov/housefiscalreport/Pages/Home.aspx>.

The House Fiscal Staff also publishes a larger *Budget Analysis* volume that contains all of these reports as well as detailed analyses of every agency's FY 2020, FY 2019 revised and capital budget recommendations. This will also be available on the website in the next week and hard copies after the legislative break.

**Budget at a Glance.** This report includes high-level explanations of items of interest. This may include new items, items that are changed from prior years or a reminder of ongoing budget items. They are arranged by topic such as revenues and education aid.

**Statewide Overview.** This is an overview of where the money in the budget comes from and where it goes. It offers different ways to look at expenditures across the different functions of state government. It also includes balance sheets and a discussion of budget projections for the next few years.

**Capital Budget.** This report summarizes all of the salient issues around the Governor's long term capital plan including existing and newly proposed debt. This analysis is based on unpublished draft documents subject to further change pending formal release.

**FY 2019 Revised Budget.** This contains a brief summary of the changes to the current year budget, sometimes referred to as the "supplemental." It includes a review of the FY 2018 audited budget data.

**State Aid to Local Government and Education Aid.** These reports show all aid programs in detail with historical information as well as breakdowns by community, school district etc.

**Revenues Changes.** This contains a list and description of every revenue change proposed in the Governor's budget.

**State Government Personnel and Staffing.** This contains a detailed explanation of all of the components to the costs for direct and contracted personnel. It also includes a summary of proposed staffing changes by agency.

**Medicaid.** This report contains detail on the spending for programs funded through the state/federal partnership known as Medicaid. It contains details on federal requirements and optional state programs as well as cost sharing and other items of interest.

**Mergers and Consolidations.** This includes current recommendations for changes in the organization of functions within state agencies as well as a history of prior proposals.

**Explanation of Budget Articles.** The budget itself is a collection of "articles" that include line-item appropriations as well as law changes necessary to effectuate some of those appropriations. This report summarizes the contents of each article, by section if appropriate. This is done for each appropriation bill as there are distinct bills for FY 2020 and FY 2019.

**Summary Tables.** These tables show expenditures for each state agency in total as well as by individual fund source. They also show the total staffing or full-time equivalent (FTE) positions authorized for each. Data are shown for the prior year, the FY 2019 budget adopted by the 2018 Assembly as well as the Governor's recommendation for FY 2019 and FY 2020.



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# **Budget at a Glance**

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## Governor's FY 2020 Budget at a Glance

The Governor's budget recommendations for FY 2020 are contained in 2019-H 5151, introduced on January 17, 2019; her revisions to the FY 2019 enacted budget were also introduced that day as separate legislation in 2019-H 5150. This was in compliance with the law requiring the budget be submitted by the third Thursday in January. Supporting documents required as part of that submission were not made available with the introduction, except for the executive summary. Documents were made available during the weeks that followed. The Capital Budget was not available until the second week of February, and there are significant discrepancies from the appropriations bill submitted, primarily because the bill overstated available resources and the funding in the Capital Budget shows reductions or delays for several projects to correct that error. Staff review of the budget has been hampered by these delays and significant inconsistencies in materials that were provided.

The table below shows the total budget by fund source and how it compares to the budget adopted for FY 2019. General revenue spending would increase by \$166.9 million or 4.3 percent.

FY 2020	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2019 Enacted	\$ 3,908.2	\$ 3,208.2	\$ 281.8	\$ 2,174.5	\$ 9,572.7
Governor	4,075.1	3,318.7	301.5	2,234.8	9,930.0
Change to Enacted	\$ 166.9	\$ 110.5	\$ 19.6	\$ 60.3	\$ 357.3
Percent Change	4.3%	3.4%	7.0%	2.8%	3.7%

Revised general revenue spending recommended for the current year exceeds the enacted budget by \$38.8 million or 1.0 percent; it exceeds FY 2018 expenditures by \$148.4 million or 3.9 percent. Total revised expenditures from all sources are \$236.0 million more than enacted and \$776.6 million or 9.2 percent more than spent in FY 2018.

FY 2019 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2018 Final	\$ 3,832.0	\$ 3,231.3	\$ 277.6	\$ 2,124.1	\$ 9,465.0
FY 2018 Actual	3,798.7	2,996.5	258.6	1,978.5	9,032.2
Difference	\$ (33.3)	\$ (234.9)	\$ (19.0)	\$ (145.6)	\$ (432.8)
FY 2019 Enacted	\$ 3,908.2	\$ 3,208.2	\$ 281.8	\$ 2,174.5	\$ 9,572.7
Governor's FY 2019 Revised	3,947.1	3,339.6	294.3	2,227.8	9,808.8
Governor's Change to Enacted	\$ 38.8	\$ 131.4	\$ 12.5	\$ 53.2	\$ 236.0
Percent Change	1.0%	4.1%	4.4%	2.4%	2.5%

### Budget Issues

- FY 2020 Gap.** The Budget Office originally estimated that in preparing the FY 2020 budget, the Governor faced a projected revenue-expenditure gap of about \$158 million. This was similar to the House Fiscal Staff's June projections with the Budget Office estimate carrying both revenue and expenditure assumptions that were about \$30 million higher than the House Fiscal Staff estimate. By November, it was clear that agency overspending and increased caseload costs would outstrip increased resources available from the FY 2018 closing and consensus revenue estimates that exceed internal projections for FY 2020. The House Fiscal Staff estimated in November that those factors meant a roughly \$47 million current year deficit would have to be solved as well as a \$150 million issue for FY 2020, representing approximately 3.6 percent of general revenue expenditures.

- **Out-Year Projections.** The out-years continue to be significantly unbalanced as projected expenditure growth continues to outpace revenue growth. The forecast included with the Governor's budget estimates a \$79.1 million gap for FY 2021, equating to 1.9 percent of useable revenues, that grows to \$277.0 million in FY 2024, 6.3 percent of useable revenues. The FY 2021 gap includes the impact of the use of one-time items in the resolution of the current budget gap as well as growth in local aid based on the ongoing car tax phase-out. The Governor proposes shifting a greater proportion of those costs to the later years. The forecast also assumes the impact of new proposals for spending including expansion of free tuition, increased tax credit proposals and commitments for tax credits. Some of that is offset by growth in newly proposed revenue items for which only a partial year impact is assumed for FY 2020.

The estimate appears to exclude the significant impact of recent changes to the school construction program that are expected to drive costs well above the currently estimated \$80 million per year in addition to the known costs of servicing the debt on the new \$250 million bond. The forecast also does not include any growth in expenses for the universal pre-kindergarten proposal which requires expansion to meet demand.

- **Budget Assumptions.** The Governor's budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced. The sales tax legislation contained in the revised budget must become law before April 1 to meet the revenue estimates upon which the FY 2020 budget is based because of the implementation schedule. There is \$3.3 million in general revenue savings over two years from changing provisions of the hospice care rate adjustment authorized in the FY 2019 budget because the Administration interpreted a broader application of the increase than intended or funded in that budget. The Governor's budget appears to assume these savings are captured retroactively to January 1, but does not contain language to do so; staff is awaiting further clarity on this proposal.

- **Undistributed Savings.** The budget includes \$15.2 million of undistributed statewide savings from three initiatives with no identified plan on how they will be achieved. A holdover from prior years is \$4.2 million from detection of fraud and waste. There is also \$10.0 million to be identified by a Statewide Efficiency Commission created by Executive Order on February 21 to be led by the Office of Management and Budget. There is also \$1.0 million in unspecified overtime savings.

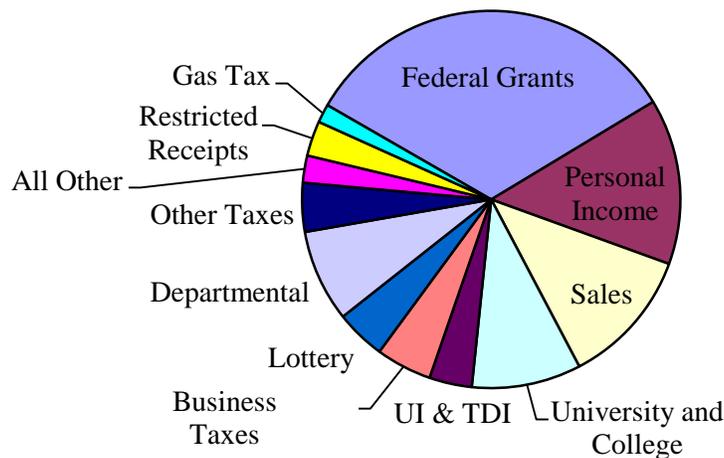
- **Efficiency Savings.** The Governor's revised budget distributes \$4.6 million in general revenue savings assumed in the Department of Administration's budget to be achieved from efficiencies. Savings were allocated to larger agencies based on each agency's share of personnel costs funded from general revenues, not based on any specific efficiencies.

- **Prompt Payment Savings.** The Governor's revised budget distributes \$350,000 in general revenue savings assumed in the Department of Administration's enacted budget to be achieved from a statewide prompt payment initiative proposed by the Governor whereby master price agreement vendors voluntarily offer the state a discount if they receive their payments within an agreed upon date. Savings were allocated based on vendor participation through December. These savings are repeated in FY 2020.

- **Contract Savings.** The Governor's revised budget distributes \$3.0 million in general revenue savings assumed in the Department of Administration's enacted budget to be achieved from a statewide initiative proposed by the Governor to reduce the cost of certain commodities such as food, building maintenance, office equipment and telecommunications. The state entered into a \$0.8 million contract with a vendor to identify specific savings; however, actual savings are unknown and no specific plan has been identified to achieve them. Savings were allocated to all agencies based on their shares of all operating costs including rent and centralized services, a majority of the underlying costs for which are personnel that appear as operating expenses in user agency budgets. These savings are repeated in FY 2020.

- **Insurance Savings.** The Governor’s revised budget distributes \$0.5 million of the \$1.0 million in general revenue savings assumed in the Department of Administration’s enacted budget from an insurance savings initiative proposed by the Governor for FY 2019. As of December 2018, \$0.1 million in malpractice insurance savings for state physicians has been achieved. The remaining \$0.4 million would need to be achieved in other insurance policies including property and crime coverage; \$0.5 million of the original savings will not be achieved. Savings were allocated to all agencies based on budgeted insurance amounts. These savings are repeated in FY 2020.

### Sources of Funds



### Taxes and Revenues

#### New Taxes

- **Medicaid Employer Assessment.** The Governor’s budget includes \$15.6 million in new revenues from imposing a 10 percent assessment on for-profit employers with 300 or more employees for each employee who is enrolled in the state’s Medicaid program. The payment is capped at \$1,500 per employee per year. These revenues are offset by \$1.1 million of expenses for implementation.
- **Firearms and Ammunition Excise Tax.** The Governor’s budget assumes \$0.8 million of new revenues from creating an excise tax of 10.0 percent above the sale price, effective October 1, 2019.

#### Tax Changes

- **Cigarettes.** The Governor’s budget assumes \$3.1 million in revenues from a proposal to increase the cigarette tax by \$0.25, to \$4.50 per 20-pack, effective August 1, 2019.
- **Other Tobacco Products.** The Governor’s budget assumes \$1.0 million in revenues associated with proposed legislation to impose a 40.0 percent wholesale tax on electronic nicotine delivery systems and raise the per cigar tax from \$0.50 to \$0.80. The cigar change is estimated to generate \$0.6 million, with the

remaining \$0.4 million from the e-cigarette tax. The budget also includes \$0.4 million for staffing related to the e-cigarette component.

- ***Sales Tax on Digital Products.*** The Governor's budget assumes \$2.6 million in revenues from expanding the state sales tax to include online streaming or subscription services, including videos, music, books and ringtones, whether the purchaser retains permanent or term-limited access to the product, effective October 1, 2019.
- ***Sales Tax on Lobbying Services.*** The Governor's budget assumes \$0.9 million in revenues associated with the expansion of the state sales tax to include lobbying services within the state, effective October 1, 2019. The Budget Office has since noted this estimate was overstated and would only be \$0.3 million.
- ***Sales Tax on Interior Design Services.*** The Governor's budget assumes \$0.5 million in revenues associated with the expansion of the state sales tax to include interior design services within the state, effective October 1, 2019. The Budget Office has since noted this estimate assumed a January start and would actually be \$0.8 million based on the October effective date.
- ***Sales Tax on Hunting, Trapping, and Shooting Services.*** The Governor's budget assumes \$0.6 million in revenues associated with the expansion of the state sales tax to include commercial hunting and trapping retreats and preserves, as well as shooting ranges for archery and firearms, including memberships to shooting clubs, effective October 1, 2019.
- ***Sales Tax on Commercial Building Services.*** The Governor's budget assumes \$6.2 million in revenues associated with the expansion of the state sales tax to include extermination, janitorial, landscaping, carpet and upholstery cleaning, and other building services for commercial buildings, effective October 1, 2019. The proposal excludes residentially-zoned property, and properties for which more than half the square footage is non-commercial. The Budget Office has since noted this estimate assumed a January start and would actually be \$10.1 million based on the October effective date.
- ***Hotel Tax.*** The Governor's budget assumes \$4.4 million from increasing the 5.0 percent state hotel tax to 6.0 percent, effective July 1, 2019 and retaining that extra one percent for state general revenues.

#### ***Enhanced Compliance and Collections***

- ***Remote Sellers Sales Tax Collection/Reporting.*** The Governor's budget assumes \$11.5 million in revenues from extending the requirement to collect and remit sales taxes to requiring them to collect and remit sales taxes, consistent with the Supreme Court of the United States *South Dakota vs. Wayfair* decision. This legislation would have to become law no later than April 1 because of implementation issues. The budget also assumes \$0.3 million in additional staffing expenses related to enforcement of this proposal.
- ***Division of Collections.*** The Governor's budget includes \$750,000 of new revenues from the addition of an attorney to the Division of Collections and procuring a case management system. It also proposes to change the interest rate associated with these collections from the current range of 18.0 percent to 21.0 percent, to the statutory rate required by the referring agency or 13.0 percent, whichever is greater.

#### ***Gaming Revenues***

- ***Remote Sports Betting.*** The Governor's budget assumes \$3.0 million from expanding sports betting to include play using a computer or mobile device within the state.
- ***Traditional Lottery Apps.*** The Governor's budget assumes \$0.9 million in new revenues by permitting traditional lottery games to be played via a mobile app. No details have been provided on this proposal and

how it differs from current revenue estimates that assume the lottery will maximize its revenue opportunities under current law.

- **Lottery Transfer Adjustment.** The Governor's budget includes a correction to the calculation of the final lottery transfer from the casinos from the November 2018 Revenue Estimating Conference. This correction lowers revenues by \$1.1 million for FY 2020 and \$0.1 million for FY 2019.

### ***DEM Fee Changes***

- **Beach Fees.** The Governor's budget assumes an additional \$0.7 million in revenue based on the Department of Environmental Management increasing beach fees through its public regulatory process. Any change would need to be proposed later this winter in order to be in place for FY 2020. On February 20, the Department announced an approximate 33 percent increase for these fees. Based on actual collections from FY 2018 the Department would need to increase fees by approximately 60 percent to generate the revenues and increase the payment to host communities assumed in the budget.

- **Campground Fees.** The Governor's budget assumes an additional \$0.7 million in revenue for FY 2020 based on the Department of Environmental Management increasing campground fees through its public regulatory process. Any change would need to be proposed later this winter in order to be in place for FY 2020. On February 20, the Department announced a new three-tiered system for campground rentals. The increases range from 28 percent for the lowest tier to as much as 50 percent for the highest tier. Based on actual collections from FY 2017, which is the most recent available data, the Department would need to increase fees by approximately 40 percent to generate the revenue assumed in the budget.

- **Unspecified Recreation Fees.** The Governor's budget includes an additional \$0.1 million in revenue from the Department of Environmental Management increasing unspecified recreation fees. No additional details have been provided, but fees not separately identified in other proposals appear to include table and field rentals. These fees are set through regulations and would go through a public review process.

- **Hard-to-Dispose Materials Fees.** The Governor recommends doubling the fees on hard-to-dispose materials to generate \$1.0 million in additional revenues for FY 2020. Under current law these charges include \$0.05 per quart or \$0.053 per liter on motor oils, \$0.10 per gallon or \$0.0264 per liter on antifreeze, \$0.0025 per gallon or \$0.00066 per liter on organic solvents, \$0.50 per tire, and \$3.00 for each new vehicle.

- **Beverage Container Case Fee.** The Governor's budget assumes \$2.1 million of new revenues from doubling the beverage container case fee from \$0.04 per case to \$0.08 per case for all beverage container cases sold by a wholesaler to retailer or consumer. The budget assumes a full year of collections.

- **Oil Spill Prevention, Administration, and Response Fund.** The Governor recommends doubling the fee supporting the Oil Spill Prevention, Administration, and Response Fund that is collected on barrels of petroleum products received at marine terminals from vessels originating outside the state. She also proposes expanding the allowable uses of the fund to pay for compliance and monitoring activities for storm water management and brownfields remediation. Additionally, her revised budget proposes transferring \$1.0 million of current reserves from this fund to state general revenues by June 30, 2019. The fee would increase from five to ten cents per barrel, increasing collections by an estimated \$1.5 million.

### ***DMV Fee Changes***

- **Technology Surcharge.** The Governor proposes legislation to raise the \$1.50 technology surcharge applied to all Division of Motor Vehicles transactions to \$2.50 and make the fee permanent. The 2018 Assembly extended the surcharge collections from FY 2018 through FY 2022 to allow sufficient funds to pay for additional costs of the new computer system. The revenues are currently deposited in the

Information Technology Investment Fund to repay the payment made to close out that project and any excess funds would be available for enhancements to the Division's computer system. The current proposal makes the increased revenues available for immediate use by the Division and the entire fee after FY 2021 once prior commitments are repaid.

- ***Oversized and Overweight Vehicle Permits.*** The Governor's budget assumes \$0.5 million of new revenues from increasing the oversized and overweight permit fees. The budget increases the single use trip permit fee from \$20 to \$40 or the annual fee from \$300 to \$400 for loads under 130,000 pounds. It establishes a new fee of \$300 for loads exceeding 130,000 pounds.
- ***License Plate Reissuance.*** The Governor proposes an indefinite delay to the statutory license plate reissuance required under Rhode Island General Law. The budget reduces revenues by \$1.8 million to account for not collecting the \$6 per plate set fee that would have been imposed to offset the cost for these replacements.
- ***Municipal Tax Block Fee.*** The Governor's budget assumes \$0.4 million in new revenues from a proposal to charge a \$5 fee to municipalities for each vehicle registration hold placed on their behalf for unpaid taxes.

### ***Medical Marijuana and Cannabis Regulation***

- ***Adult Use Marijuana Program.*** The Governor's budget assumes \$4.9 million in new revenues from the legalization of marijuana including hemp beyond the current limitation to medicinal purposes. The Governor proposes a new Office of Cannabis Regulation in the Department of Business Regulation, and provides funding for the Executive Office of Health and Human Services, and Departments of Health, Public Safety, and Revenue to support the new Office. The recommendation includes 25.0 full-time equivalent positions. It further assumes a portion of receipts would be allocated to cities and towns.
- ***Medical Marijuana Regulation.*** The Governor's budget assumes an increase of \$1.6 million in new revenues including sales tax, fees, and surcharge collections from changes to the current medical marijuana program that would restrict the ability to home cultivate to only those with a hardship exemption, provided there is an appointed caretaker.

### ***Transfers from Quasi-Public Corporations***

- ***Transfer Alternatives.*** The budget relies on \$20.0 million in new transfers from quasi-public agencies to cover the spending gaps in both the current year as well as FY 2020. The Governor also proposes to repeal the requirement that in the event a budget submitted by the Governor to the General Assembly includes any transfers of resources from public corporations to the General Fund, the submission must also include alternatives for those transfers. The 2017 Assembly added the requirement for alternatives to solicit concrete proposals that can be considered as part of budget hearings.
- ***Rhode Island Resource Recovery Corporation Transfer.*** The Governor proposes that the Rhode Island Resource Recovery Corporation transfer \$5.0 million to state general revenues by June 30, 2019.
- ***RI Health and Educational Building Corporation Transfer.*** The Governor proposes that the Rhode Island Health and Educational Building Corporation transfer \$2.0 million to state general revenues by June 30, 2019.
- ***Quonset Development Corporation Transfer.*** The Governor proposes that Quonset Development Corporation transfer \$2.0 million to state general revenues by June 30, 2019.

- ***Rhode Island Housing Transfer.*** The Governor proposes that Rhode Island Housing transfer \$2.5 million to state general revenues by June 30, 2019 and another \$1.5 million to state general revenues by June 30, 2020.
- ***Rhode Island Student Loan Authority Transfer.*** The Governor proposes that the Rhode Island Student Loan Authority transfer \$1.5 million to state general revenues by June 30, 2019 and transfer another \$1.5 million to state general revenues by June 30, 2020.
- ***Rhode Island Infrastructure Bank Transfer.*** The Governor proposes that the Rhode Island Infrastructure Bank transfer \$4.0 million to state general revenues by June 30, 2020.

### ***Other Revenues***

- ***Debt Collectors' Fee.*** The Governor's budget assumes \$0.6 million in new revenues from raising the annual fee for debt collectors from \$100 to \$500. The fee in Massachusetts is currently \$1,000; it is \$400 in Connecticut. The Governor's executive summary describes the debt collector fee as increasing to \$750; it appears that was the intent. It is unclear what information was used to calculate the revenue estimate as there is also a discrepancy in supporting documents on the number of licensees.
- ***Mortgage Loan Originator Licensing Fee.*** The Governor's budget assumes \$1.2 million of new revenues from increasing the annual mortgage loan originator licensing fee from \$100 to \$400.
- ***Underground Storage Tank Trust Fund.*** The Governor proposes to transfer reserves of \$1.0 million from the Underground Storage Tank Trust Fund to state general revenues by June 30, 2019.
- ***Department of Environmental Management Unexpended Bond Funds.*** The Governor proposes to transfer unexpended bond funds totaling \$1.4 million from six different Department of Environmental Management issuances to state general revenues by June 30, 2019.
- ***Cigarette Dealer Licensing.*** The Governor's budget includes \$0.5 million in new revenues from several changes to the state's cigarette licensing fees including increasing the dealer's application fee from \$25 to \$75, increasing the initial licensing fee from \$100 to \$250 and increasing the renewal fee from \$25 to \$250. Licensing would also be expanded to make dealers of e-cigarette products subject to this fee. The Governor's executive summary describes the cigarette dealer license fee as increasing to \$400; it appears this was the intent and the revenue estimate assumes the higher fee.

### ***Tax Credits and Incentives***

- ***Qualified Jobs Tax Credit.*** The Governor's budget proposes to create a two-tiered cap on the Qualified Jobs program starting July 1. The current cap is the lesser of actual employee state tax withholding or \$7,500 per job. The credit is based on \$2,500 per job but can reach the higher cap under certain, defined circumstances but in no case can it exceed state income tax actually withheld from the jobholder. The proposal drops the standard tax credit cap to \$6,500 per job unless those jobs are deemed to be part of a newly defined "major economic development opportunity." In the case of this higher standard, the \$7,500 cap would apply. This new definition includes situations where over half the new jobs are classified as high wage and where the expansion or relocation meets additional criteria established by the Commerce Corporation including a minimum of 100 new full-time jobs in the state; or the relocation or establishment of a regional or national headquarters or other major corporate hubs in the state.
- ***Rebuild Rhode Island Tax Credit.*** The Governor's budget includes \$15.0 million from general revenues to continue funding commitments already made under the Rebuild Rhode Island Tax Credit program. This would bring total funds committed to funding these tax credits, which are redeemed over time, to \$64.7 million.

Approximately \$104.4 million of redeemable credits have been committed as of January 2019. The Governor's budget includes legislation to increase the total amount of credits that can be awarded under the program from \$150 million to \$250 million and extends the program's sunset date from June 30, 2020 to December 31, 2023. The Governor's out-year forecast projects the need to begin setting aside \$25 million annually for FY 2021 and FY 2022 and almost \$50 million beginning FY 2023 to fund these tax credit commitments.

The Governor also proposes to create distinct application processes for projects which include a manufacturer, which would be exempt from required minimums for square footage and project costs. Other changes include allowing separate buildings for the same project on I-195 land to be distinct awardees subject to separate \$15.0 million project caps; and allowing the Commerce Corporation to charge funds set aside for the credits up to \$250,000 for technical assistance to applicants.

- ***Rebuild Rhode Island Tax Credit - Historic Structures.*** The Governor's budget proposes to create distinct application processes for certified or recognized historic structures, and projects which include affordable or workforce housing, subject to Corporation guidelines. It requires the Division of Taxation to notify participants of the Historic Tax Credit of 2013 program of their potential eligibility for the Rebuild Rhode Island program. Historic projects would be exempt from required minimums for square footage and project costs.

- ***Wavemaker Fellowships.*** The Governor's budget includes \$1.2 million from general revenues for continued funding of the student loan forgiveness program enacted by the 2015 Assembly. It provides up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; two-thirds of the awardees must be permanent residents of the state. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023 and adds language allowing self-employed people to qualify.

- ***Research and Development Tax Credit.*** The Governor's budget reduces general revenues by \$1.3 million for a transferrable tax credit program to assist businesses with costs associated with research and development investments made within the state. The proposal allows a 15-year carry-forward for investments made after June 30, 2019. It also extends a carry-forward for the state's existing tax credit from seven to 15 years.

## **Commerce and Workforce**

- ***Minimum Wage.*** The Governor's budget includes legislation increasing the minimum wage from \$10.50 per hour to \$11.10 per hour, effective January 1, 2020. The recommended budget also includes \$0.1 million for the impact to the Department of Environmental Management's seasonal recreational program in FY 2020.

- ***Streamline and Simplify.*** The Governor's budget includes \$0.8 million for a new joint initiative between the Department of Business Regulation and the Commerce Corporation to improve the state's business climate. It includes \$0.5 million and 7.0 new full-time equivalent positions for the Department of Business Regulation and \$0.3 million and 2.0 new full-time equivalent positions for the Executive Office of Commerce.

- ***Air Service Development.*** The FY 2017 through FY 2019 enacted budgets included appropriations totaling \$2.5 million to support direct incentives, revenue guarantees, and or other support for additional air service routes to major metropolitan areas. The 2018 Assembly established a sunset date of June 30, 2020. The Governor's budget does not include further funding but does propose to extend the sunset date to December 31, 2023.

- **Commerce Corporation - Operations.** The Governor's budget includes \$7.6 million from general revenues, \$115,392 more than enacted, for FY 2020 to support general operations of the Corporation.
- **Experimental Program to Stimulate Competitive Research (EPSCoR).** The Governor recommends the enacted amount of \$0.9 million for FY 2020 for the National Science Foundation's Experimental Program to Stimulate Competitive Research.
- **Innovate RI Small Business Programs.** The Governor's budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- **Innovation Initiative.** The Governor's budget includes \$1.0 million from general revenues for Innovation Initiative grants and vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center or medical center, or to a small business manufacturer for internal research and development.
- **I-195 Redevelopment.** The Governor's budget includes an additional \$1.0 million from general revenues to provide developers and businesses with financing for capital investment, including land acquisition to promote the development of the former I-195 land administered by the I-195 Redevelopment District Commission. The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023. Proposed changes to the Rebuild Rhode Island tax credit program would permit separate buildings for the same project on the I-195 land to be distinct awardees subject to separate \$15.0 million project caps under that program.
- **Industry Cluster Grants.** The Governor's budget includes \$0.1 million for the Industry Cluster Grants program, which enables the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023.
- **P-Tech Initiative.** The Governor's budget includes \$0.2 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate's degrees. The FY 2016, FY 2017, and FY 2019 enacted budgets included a total of \$2.3 million for the program. The Commerce Corporation has awarded funding to six school districts and provided administrative support to the Community College of Rhode Island, totaling \$1.3 million in awards. The Governor's recommendation would bring available resources to \$0.9 million after administrative costs. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023.
- **Polaris Manufacturing Extension Partnership.** The Governor's budget includes the enacted amount of \$350,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide LEAN training facilities layout and provide assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization. It receives funding from the National Institute of Standards and Technology to subsidize its consulting services to make them more affordable to smaller manufacturing business owners, and fund awareness activities and educational seminars.
- **Small Business Assistance Program.** The Governor's budget includes \$750,000 from general revenues to recapitalize the Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The maximum amount that any one business can obtain from the fund is \$750,000. The program provides a set aside provision for

between 10.0 percent and 25.0 percent of the funding for a microloan program to be administered by a third party with expertise in microloans. The 2018 Assembly extended the program's sunset date to June 30, 2020. The Governor's budget proposes to eliminate the sunset provision.

- ***Small Business Development Center.*** The Governor's budget includes the enacted amount of \$350,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- ***Main Street Streetscape Improvement Fund.*** The Governor's budget excludes \$0.5 million for the Main Street Streetscape Improvement Fund for FY 2020. The FY 2016 through FY 2019 budgets provided a total of \$3.0 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The Governor's budget proposes to extend the sunset date from June 30, 2020 to December 31, 2023.
- ***Site Readiness/Partnership Council.*** The Governor's budget includes \$2.5 million, including \$1.5 million from general revenues and \$1.0 million from Rhode Island Capital Plan funds to provide municipalities with training, investments, and authority to expedite development. This includes establishing an entity to oversee this work chaired by the Secretary of Commerce. The entity would be a new quasi-public corporation under the Commerce Corporation with the same rights and authority as the Quonset Development Corporation, including the issuance of public debt. Although described in supporting documents as a pilot program, there is no proposed sunset provision.
- ***Supply RI.*** The Governor's budget includes the enacted amount of \$0.3 million from general revenues for the Supply RI program, which connects small suppliers with the state's largest commercial purchasers by developing infrastructure to facilitate engagements, including supporting additional Commerce Corporation staff and advertising.
- ***Affordable Housing.*** The Governor's budget includes \$65.0 million from general obligation bond funds approved by the voters in November 2016 to provide funding for affordable housing support, including rehabilitation of existing structures and new construction. The budget also includes \$10.0 million from general obligation bonds the voters approved on the November 2016 ballot to improve properties that are blighted or in need of revitalization, including residential, commercial, and public properties.
- ***Quonset Piers.*** The Governor's budget includes a total of \$90.4 million for extension and renovation of the Quonset Business Park's pier 2. This includes \$50.0 million of general obligation bond proceeds approved by the voters on the November 2016 ballot, \$25.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation, and \$15.4 million from Rhode Island Capital Plan funds.
- ***Quonset Industrial Park Renovations.*** The Governor's budget includes \$14.0 million from Rhode Island Capital Plan funds for infrastructure improvements at the Quonset Business Park, including increasing roadway crossing capacity and utility relocation for additional future development of heavier shipping weights, construction of a new pier, dredging a new approach to that pier. These funds would support total estimated project costs of \$34.5 million, with the remaining expenses paid by tenants of the Quonset Business Park.
- ***Port of Providence.*** The Governor's budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River and associated infrastructure improvements. It was previously reported the state would enter into a revenue sharing agreement with ProvPort, a non-profit entity that provides port services

for the City. ProvPort would be responsible for the management and marketing of the land; however, the state would own the land itself.

- ***Innovation Campus Bond.*** The Governor's budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island. In December 2018, the state announced awards totaling \$12.0 million to three projects as a first round; it should be noted one of the projects also includes \$5.4 million of private funding through the University of Rhode Island.
- ***Real Jobs Rhode Island.*** The Governor recommends the enacted general revenue amount of \$5.5 million for the Real Jobs Rhode Island job training program in FY 2020. Additionally, her recommendation reflects new annual collections for the Job Development Fund totaling \$1.2 million beginning January 2020 by expanding the assessment to large non-profit employers who are currently not subject to this charge.
- ***Income Support Staffing.*** The Governor recommends \$12.4 million from all sources in FY 2020 to support staff levels in the Income Support program of the Department of Labor and Training. The recommendation reduces expenses by \$1.0 million to reflect the availability of federal awards; the FY 2019 revised recommendation reduces expenses by \$1.7 million. As federal resources for the administration of unemployment have continued to decrease with the unemployment rate, the Department has not reduced spending and significantly overspent in FY 2018. The current level of staffing in the program still appears to exceed available and recommended resources as the program spent \$13.5 million on staff in FY 2018.
- ***Urban Ventures.*** The Governor's budget excludes \$140,000 assumed in the enacted budget for Urban Ventures, a 501(c)(3) Urban Business Incubator. The state is required to support an urban business incubator by statute; the plan to meet that standard is not identified.
- ***Workforce Development in the Arts.*** The Governor's budget includes \$30,000 from general revenues to support the development of a skilled arts workforce in Rhode Island, through a curriculum developed by the Council on the Arts in conjunction with the Providence Department of Art, Culture + Tourism, and the Rhode Island School of Design continuing education program. The program includes a four-month apprenticeship focused on arts-specific business training.
- ***Workforce Regulation and Safety Staffing.*** The Governor's revised budget includes \$1.2 million more from general revenues for FY 2019 for the Department of Labor and Training's Workforce Regulation and Safety program to cover projected shortfalls consistent with overspending in FY 2018. The recommended general revenues would maintain the FY 2018 staffing level. The FY 2020 recommendation does not include this funding and would not support the current level of staffing in the program; it appears to assume nearly ten positions would become vacant and remain so by FY 2020.
- ***Work Immersion/Non-Trade Apprenticeship Program.*** The Governor recommends the enacted amount of \$0.7 million from general revenues for the work immersion/non-trade apprenticeship program. The program provides students, recent college graduates, and unemployed adults with work experience, and assists employers by training individuals for potential employment.
- ***Unemployment Insurance Benefits.*** The Governor's budget includes \$162.7 million from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$3.5 million more than enacted to reflect projected benefit recipients.
- ***Temporary Disability Insurance Benefits.*** The Governor recommends \$177.2 million from the Temporary Disability Insurance Trust Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$0.8 million less than enacted, based on updated data.

- **Temporary Caregiver Insurance Benefits.** The Governor recommends \$15.2 million from the Temporary Disability Insurance Trust Fund for the payment of benefits. This is \$1.2 million more than enacted, based on updated data.
- **Opportunities Industrialization Center.** The Governor recommends the enacted level of \$100,000 from general revenues to support the Opportunities Industrialization Center, a nonprofit organization which provides training, employment, minority business enterprise, and urban policy development services to underserved urban populations through collaboration with public and private sectors and community based organizations.

## Health Insurance

- **Market Stability and Reinsurance Initiative.** The Governor proposes legislation to establish a Reinsurance Program, which is envisioned to provide stability in the individual insurance market. The legislation imposes a penalty for individuals who do not have health insurance coverage, with certain exemptions and would be effective on January 1, 2020. The penalty would be collected by the tax administrator and would be deposited into a restricted account. The funds would be used to provide reinsurance to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and administrative costs.
- **HealthSource RI.** The budget assumes \$10.2 million from all sources, including \$2.8 million from general revenues and staffing of 16.0 full-time equivalent positions for HealthSource RI. The recommendation maintains general revenues funding for the Office, which was originally expected to be short-term as receipts from the health reform assessment grew to support operations. The budget adds \$0.4 million from general revenues for implementation of the Market Stability and Reinsurance initiative.

## Local Government

- **Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share.
- **Motor Vehicles Excise Tax.** The Governor's budget proposes changes to the Motor Vehicles Excise Tax phase-out program, funding it at \$78.0 million for FY 2020. This is \$23.2 million more than enacted, \$16.3 million less than required under the plan adopted by the 2017 Assembly whereby FY 2020 changes assumed include increasing the minimum exemption from \$2,000 to \$3,000, lowering the assessed value from 90.0 percent to 85.0 percent, and lowering the tax rate cap from \$50 to \$35, per \$1,000. The Governor's recommended budget assumes a \$2,800 minimum exemption, a 87.5 percent assessed value and a \$40 rate cap.
- **Payment in Lieu of Taxes Program.** The Governor recommends \$40.8 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. This change is \$6.0 million less than full funding based on updated data and \$5.3 million less than enacted; this equates to a reimbursement rate of 23.6 percent.

The Governor's budget also includes legislation to provide that portions of non-profit higher education and hospital properties which are not used exclusively for educational or hospital activities, are not exempt from taxation. This creates the possibility of new future tax revenues in some cases for some communities.

- **Library Resource Sharing Aid.** The Governor recommends the enacted amount of \$9.4 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 21.6 percent.
- **Library Construction Aid.** The Governor recommends \$1.9 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- **Property Valuation Reimbursement.** The Governor recommends \$0.7 million for FY 2020 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.
- **Airport Impact Aid.** The Governor recommends \$762,500 for FY 2020, \$262,500 less than enacted, to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs and smaller host communities had been guaranteed a minimum of \$25,000; that guarantee is no longer included in the budget.
- **Central Falls Operations.** The Governor's FY 2020 recommendation excludes \$0.6 million for operational support to the City of Central Falls enumerated in the enacted budget.

## Education Aid

- **Funding Formula Assumptions.** The Governor funds the ninth year of the education funding formula adopted by the 2010 Assembly. Her calculation uses March 15, 2018 student enrollment data adjusted for FY 2020 projected charter school enrollments, a per pupil core instruction amount of \$9,871 and state share ratio variables updated with June 30, 2018 data. Funding increases for districts that received more state support have been fully phased-in, and aid to districts that are receiving less state funding is still being phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2019.

Because March data adjustments have resulted in significant increases after the Governor's budget has been submitted, the 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to report updated funding formula estimates based on October 1 enrollment. That more recent information indicated total funding formula aid need of \$971.2 million, \$5.4 million more than the Governor has recommended. This includes a \$1.3 million reduction from shifting education costs for students at the training school to districts; the Governor's budget deducts this from aid. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation is likely understated by \$3.0 million.

- **FY 2020 Formula Education Aid.** The Governor recommends \$961.9 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$28.7 million more than enacted and \$5.4 million less than more recent estimates to fully fund formula aid based on October 1 student enrollment. This includes a \$1.3 million reduction from shifting education costs for students at the

training school to districts; the Governor's budget deducts this from aid. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation is likely understated by \$3.0 million.

- **Group Home Aid.** The Governor's budget reflects \$3.4 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2016, which is \$0.3 million less than the enacted budget. The Department of Children, Youth and Families subsequently published its annual report on February 19 that includes 331 beds, seven more than assumed in the recommendation, which would require an additional \$35,080 from general revenues for FY 2020 only.
- **Training School Education Costs.** The Governor proposes to shift the cost of educating children at the Rhode Island Training School from the state to local districts. The recommended budget includes \$1.3 million in savings assumed as a reduction in education aid to local districts from this proposal. It is unclear what the calculation in the budget assumes, but the number does equate to the FY 2018 average Training School census of 59 youth times \$22,559 which is similar to the average per pupil statewide special education cost.
- **State Schools Supplemental Funding.** The Governor's budget includes \$6.1 million in supplemental funding to the Davies Career and Technical School and the Metropolitan Career and Technical School to mitigate some of the losses in funding from the implementation of the funding formula and recognizes the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Davies would receive \$4.2 million and the Met School the remaining \$1.9 million. The recommendation is \$0.5 million more than enacted.
- **Early Childhood Funds.** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality prekindergarten programs. The Governor recommends \$15.6 million from general revenues, which is \$8.2 million more than enacted from all sources of funds and \$9.3 million more from general revenues. This category of aid was used as a match for a federal preschool expansion grant, which expired in FY 2019.

The recommendation includes \$11.3 million to fully fund the 60 prekindergarten classrooms that were supported by general revenues, federal funds, and permanent school funds in FY 2019, \$0.7 million for contracted program evaluation and professional development, \$3.2 million to support new classrooms, and \$0.4 million to support 4.0 new full-time equivalent positions to oversee the Governor's proposed universal prekindergarten initiative. Each classroom serves 18 students and costs approximately \$200,000 annually. If costs and classroom sizes remain the same for FY 2020, the additional \$3.2 million would fund 16 new classrooms and serve 288 students.

- **English Language Learners Funds.** The Governor's budget includes \$5.0 million to support English language learners that are in the most intensive programs, \$2.3 million more than enacted. The funding is calculated at the level of 10.0 percent of the core instruction amount, applied to students in the most intensive English language learner programs and ratably reduced to the appropriation. Funds may only be used on evidence-based programs proven to increase outcomes for English learners and are monitored by the Department of Elementary and Secondary Education.
- **Career and Technical Education Funds.** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$4.5 million for FY 2020, which is consistent with the FY 2018 and FY 2019 enacted levels.

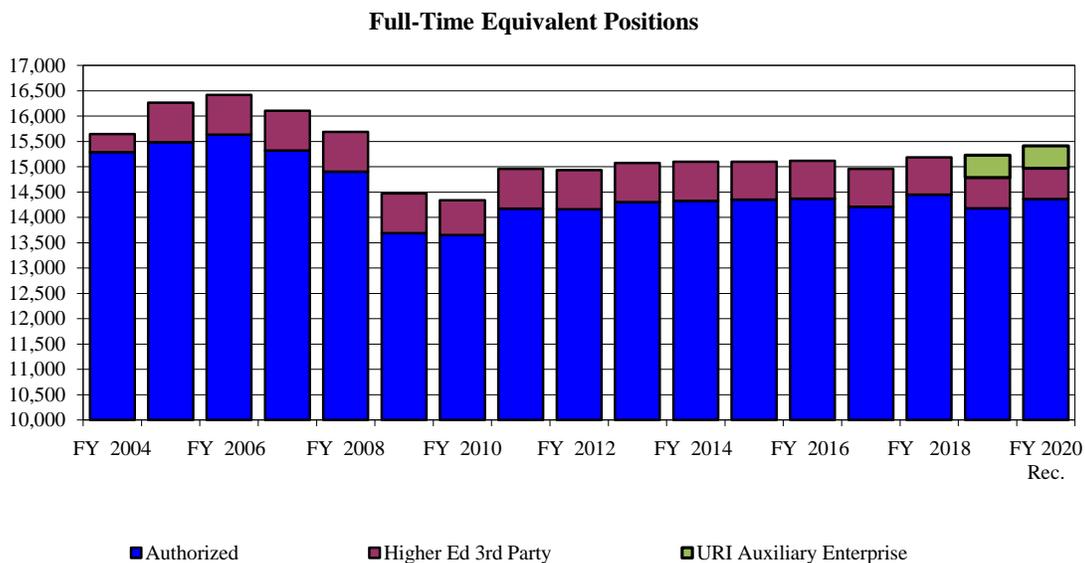
- ***School of Choice Density Aid.*** Consistent with current law, the Governor’s budget excludes funding for density aid category which provides additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. This reflects the end of the three-year program which provided districts \$175 per pupil in FY 2017, \$100 per pupil in FY 2018, and \$50 per pupil in FY 2019 for every student sent to a charter or state school.
- ***Special Education Funds.*** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2020, consistent with the three prior years.
- ***Non-Public School Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some out-of-district non-public school transportation costs. The Governor recommends \$3.0 million for FY 2020, which is consistent with the enacted level.
- ***Regional District Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some transportation costs within regional school districts. The Governor recommends \$4.4 million for FY 2020, which is consistent with the enacted level.
- ***School Resource Officer Support.*** The Governor’s revised budget reduces the \$2.0 million in funding for school resource officers to \$0.2 million based on reimbursement requests received. For FY 2020, she recommends \$1.0 million from general revenues based on current estimates of participation.
- ***School Construction Aid.*** The Governor recommends a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2020. This includes \$79.0 million for the traditional program and \$1.0 million for the School Building Authority. Total funding is consistent with the enacted budget; however, funds are shifted between programs based on anticipated reimbursements from the traditional program. Actual future costs will be considerably higher given the new incentives approved with the passage of the \$250.0 million school construction bond. These additional costs do not appear to be reflected in the out-year estimates, which assumes \$80 million annually.
- ***Recovery High School.*** Consistent with the enacted budget, the Governor’s budget provides \$0.5 million from general revenues to support the state’s recovery high school, which provides programs to students recovering from substance abuse.
- ***Textbook Reimbursement.*** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade.
- ***School Breakfast.*** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.
- ***School Meals Initiative.*** The Governor’s budget includes \$55,000 from general revenues to expand mandatory participation in certain school meal programs. This is in addition to current support for the school breakfast program. The proposal would require participation in national lunch programs by requiring any eligible school to take advantage of a federal provision whereby all students receive free meals. The Governor also proposes that the current mandatory school breakfast program be offered after the instructional day has begun for all public schools with 70 percent or more of students eligible for free or reduced price lunch. The Commissioner of Elementary and Secondary Education would have the power to grant waivers to schools based on financial hardship for either requirement.

- **Teacher Retirement.** The state funds 40.0 percent of the employer’s share of retirement contributions on behalf of teachers who are members of the teacher retirement system. The Governor recommends \$112.3 million from general revenues, or \$6.2 million more than enacted for the estimated costs of the state’s share. The revised budget also adds \$0.6 million for updated cost estimates.

## State Government

- **Personnel.** The Governor recommends \$2,203.6 million for personnel expenditures and 15,413.1 full-time equivalent positions, 606.0 higher education positions dedicated for research or supported by other third-party funds, and 445.0 positions dedicated to support auxiliary enterprise units at the University. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$161.0 million and 203.4 positions more than the FY 2019 enacted budget including \$81.0 million more for salaries and benefits and \$80.0 million more for contracted services, nearly two-thirds of which is for the Unified Health Infrastructure Project.

Among the staffing changes are 30.0 new positions in the Department of Transportation to carry out the Department’s plan to perform more operations in-house. The Governor also includes new correctional officers, 30.0 new State Police troopers as well as additional staff for the Department of Environmental Management’s Division of Parks and Recreation. The recommendation also includes 18.0 new positions in the Department of Administration’s budget for centralized human resources, information technology and facility management services. The costs for which appear in user agencies as an operating expense, and are not included in the total for personnel.



As of February 2, 2019, there were 14,095.3 positions filled, leaving 1,059.6 non-research vacancies. In FY 2018, the state averaged 13,913.2 filled positions reflecting an average of 1,194.2 non-research vacancies. In FY 2017, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.0 non-research vacancies.

- **Disparity Study.** The Governor’s budget includes a total of \$499,029 from general revenues to conduct a statewide disparity study to examine procurement practices of state agencies that purchase goods and services pursuant to the provisions of the State Purchasing Act, to award at least 10.0 percent of its purchasing and construction contracts to women and minority-owned businesses. A contract with the vendor has been signed and the study is underway.

- **Medical Benefit Savings.** The Governor's revised budget includes medical benefit savings of \$2.8 million from general revenues from updating the medical benefit rates and savings from lower claims experience. The FY 2020 recommendation includes \$5.9 million in savings from a lower than expected rate.
- **Statewide Benefit Assessment.** The budgets include savings of \$0.8 million and \$1.3 million in FY 2019 and FY 2020, respectively, from lowering the assessed fringe benefit rate for most employees from 4.60 percent to 4.20 percent, effective in January 2019 and to 3.95 percent in FY 2020. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid and is used to pay workers' compensation claims, unemployment claims, and unused leave.
- **Efficiency Commission.** The budget assumes statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that has not yet been established, which will be led by the Office of Management and Budget.
- **MPA Vendor Assessment.** The Governor recommends the implementation of a 1.0 percent administrative charge on all vendors on the master price agreement. This was authorized by the 2017 Assembly to begin during FY 2018, but the Administration delayed the assessment. The budget assumes use of \$0.5 million from the assessment to fund a position and software maintenance costs for the implementation of the E-Procurement System.
- **Human Resources Staffing.** The Governor's budget includes \$0.5 million to fund 4.0 new positions for centralized human resources support. The expenses for these positions are shown in user agency budgets as operating expenses.
- **Information Technology Staffing.** The Governor's budget includes \$1.4 million to fund 11.0 new full-time equivalent information technology positions. This includes six positions to support implementation of digital initiatives, four project managers and one chief of information technology to lead the migration to emerging technology. The expenses for these positions are shown in agency budgets as operating expenses.
- **Capital Asset Management and Maintenance.** The Governor's budget includes \$0.3 million to fund 2.0 new full-time equivalent project manager positions for security and maintenance related projects. The expenses for these positions are shown in agency budgets as operating expenses.
- **38 Studios Debt Service.** The Governor's budget includes \$1.5 million from general revenues for debt service relating to 38 Studios. The total due is \$12.3 million but \$10.8 million will also be paid with settlement funds that the Commerce Corporation received.
- **Garrahy Garage Debt Service.** The budget includes \$3.1 million from general revenues to cover the annual debt service relating to the Garrahy Garage project. The 2014 Assembly authorized the \$45.0 million project to move forward only after three parcels had been sold. The 2016 Assembly amended that to allow construction if Wexford Science and Technology agrees to lease no less than 400 parking spaces. The garage is scheduled to open in December 2019; revenues should lower the debt service cost, but the budget does not assume that.
- **Convention Center Authority.** The Governor's budget includes \$21.2 million from general revenues for the Convention Center Authority to cover debt service requirements in FY 2020.
- **Historic Tax Credit Trust Fund Debt Service.** The Governor recommends \$9.5 million and \$19.8 million from general revenues in FY 2019 and FY 2020, respectively, to fund debt service for historic tax

credits. Funding in FY 2019 is \$3.4 million less than prior projections. Slower project completions and available funds in the Trust Fund allowed for a delay in new debt issuance.

- **City Year.** The Governor's budget includes the enacted amount of \$130,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- **Complete Count Initiative.** The Governor's budget includes \$150,000 from general revenues to fund a new Complete Count Initiative to ensure that the state maximizes its outreach and count related to the 2020 Census.
- **Employer Tax Division Transfer.** The Governor recommends transferring 37.0 full-time equivalent positions from the Department of Revenue to the Department of Labor and Training to centralize work related to unemployment insurance, temporary disability and caregiver's insurance, and the Job Development Fund.
- **Police and Fire Relief Fund.** The Governor's budget includes \$3.8 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters. This is consistent with the enacted budget.
- **Election Expenses.** The Governor recommends \$0.5 million from general revenues for the Board of Elections and Secretary of State for anticipated costs associated with the 2020 Presidential primary election, including ballot printing and delivery.
- **Cyber Security.** The Governor recommends \$0.3 million in FY 2020 and \$0.2 million in FY 2019 for the Secretary of State's Office to mitigate security concerns with the Open Government and Corporation database as well as for annual third-party risk and vulnerability assessments.
- **Administrative Procedures Act Contractors.** The Governor recommends \$0.2 million for FY 2019 and \$0.1 million for FY 2020 for contracted information technology personnel to provide ongoing technical assistance for initiatives in the Office of the Secretary of State.
- **Rhode Island Historical Society.** The Governor recommends the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.
- **Newport Historical Society.** The Governor recommends the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- **Help America Vote Act Election Security Grant.** The Governor's budget includes \$1.0 million from the Help America Vote Act Election Security Grant. The Secretary of State, in conjunction with the Board of Elections, received \$3.0 million from the grant; the enacted budget includes \$2.0 million and the FY 2020 recommendation expends the balance of the grant.
- **Special Projects Coordinator Position.** The Governor's budget proposes to repurpose the currently vacant Director of Operations position, added to the Board of Elections by the 2018 Assembly, into a Special Projects Coordinator responsible for public relations and the oversight of risk-limiting audits.
- **Governor's Office Staff.** The Governor's budget includes \$0.7 million in FY 2019 and \$0.8 million in FY 2020 to restore funding for 4.8 full-time equivalent positions that were previously allocated to other state agencies. The FY 2019 recommended budget lowered direct expenditures of the Governor's Office by \$0.8 million by allocating personnel expenditures to ten other state agencies and included funding for

those positions among the agency budgets. The 2018 Assembly did not concur, reduced funding among the appropriate agency budgets, and did not add funding for the positions to the Governor's Office.

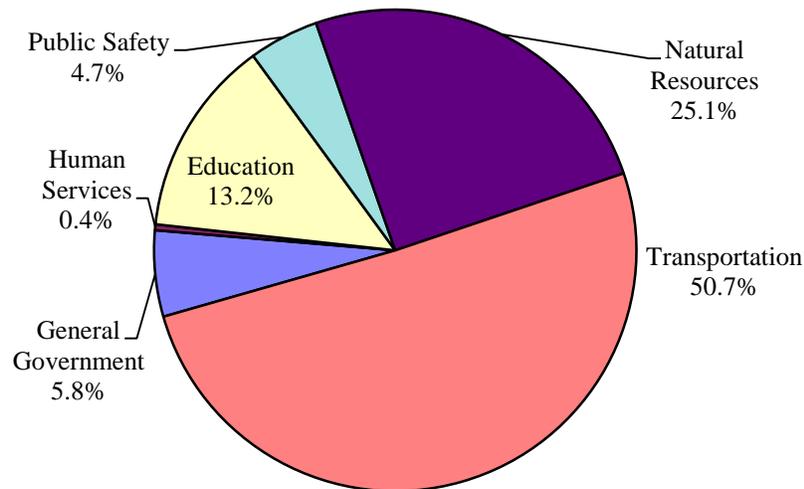
- **Contingency Fund.** The Governor's budget includes \$250,000 for the Governor's Contingency Fund, \$50,000 more than enacted.
- **Water Resources Board to PUC.** The Governor proposes to transfer the Water Resources Board to the Public Utilities Commission and assumes savings of \$0.4 million from general revenues. Operating costs for the Water Resources Board would be charged to regulated utilities. This is the same proposal recommended last year but not approved by the Assembly.
- **Public Utilities Commission Electronic Business Portal.** The Governor's budget includes \$250,000 from restricted receipts to develop a new electronic business portal for the Public Utilities Commission to manage dockets and hearings.
- **Litigation Oversight Unit.** The Governor's budget establishes a new Litigation Oversight Unit, which will track hours worked on litigation cases and bill the appropriate source. The budget includes \$0.2 million, of which \$0.1 million is from general revenues to fund 2.0 new positions.

## Capital

- **Outlays and Funding.** The FY 2020 through FY 2024 plan includes \$5,321.2 million of outlays on \$13,757.8 million of project estimates. Average outlays would be \$1,064.2 million per year for the five-year period with \$637.6 million required at the end of the period to complete the projects. Consistent with last year's budget but in a change in presentation from prior capital budgets, the capital budget does not reflect debt service payments supported by Federal Highway Administration funds or gas tax. This corrects the prior practice of double-counting this expense.
- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$487.5 million of general obligation bond debt issuances. This includes \$250.0 million from new general obligation bonds for a second school construction bond to go before the voters in November 2022 with funding programmed to begin in FY 2024. The original \$250.0 million bond is programmed at \$50.0 million annually through FY 2023. The voters approved an initial \$250.0 million in November 2018 for school construction. The average bond referenda over the past five elections was \$244.8 million and the voters approved \$367.3 million on the November 2018 ballot.
- **Other Debt Approvals.** The Governor recommends \$125.5 million to be approved by the 2019 Assembly under the Public Debt Management Act for three projects at the University. This includes \$51.5 million for the Memorial Student Union, \$2.1 million for the fraternity circle, and \$26.9 million for the Combined Health and Counseling Center. It also includes \$45.0 million for renovations to the Department of Corrections' High Security Center.
- **Financing.** Paying for the five-year outlays includes \$1,297.0 million from debt financing and \$4,024.2 million from current or pay-go sources. Pay-go represents 75.6 percent with debt funding being 24.4 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2024 by \$231.6 million from \$1,917.8 million to \$1,686.2 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.

- **Debt Ratios.** Net tax supported debt would decrease from 3.1 percent of personal income reported for FY 2018 to 2.3 percent in FY 2024 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.

### FY 2020 - FY 2024 Capital Projects by Function



- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$658.5.4 million. The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor nearly a month earlier, primarily because the budget overstated the available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor’s recommendation to her priorities given available resources and includes \$6.5 million less for FY 2019 and \$20.5 million less for FY 2020.

### Health and Human Services

- **UHIP Recovery Restricted Receipts.** The Governor’s budget assumes receipts totaling \$34.4 million from Deloitte to offset state costs for the Unified Health Infrastructure Project which is still not fully functional. The recommendation includes \$14.0 million for FY 2019 and \$20.4 million for FY 2020 impacting the budgets of the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI. The enacted budget assumes \$7.0 million in the Department of Human Services and, as of mid-February, no funds have been received; it is unclear if there is a state cost in the absence of these funds.
- **Hospice Rates.** The Governor’s budget includes \$3.3 million in general revenue savings over two years from changing provisions of the hospice care rate adjustment authorized in the FY 2019 enacted budget because the Administration interpreted a broader application of the increase than intended or funded. The Governor’s budget appears to assume these savings are captured retroactively to January 1, but does not contain language to do so.

- ***Hospital Licensing Fee.*** The Governor’s budget includes \$180.8 million in revenues from extending the hospital licensing fee into FY 2020 using the same two-tiered fee as included in the FY 2019 enacted budget. The licensing fee appears annually in the Appropriations Act.
- ***Nursing Facilities Rates.*** The Governor’s budget includes savings of \$7.5 million, \$3.5 million from general revenues by limiting the October 1, 2019 rate increase to 1.0 percent instead of the 3.6 percent included in the November caseload estimate. This reflects expenses in both the fee-for-service and Rhody Health Options programs. This is the fifth consecutive year for this proposal.
- ***Hospital Rates.*** The Governor’s budget includes savings of \$15.1 million, \$5.3 million from general revenues from freezing hospital rates at the FY 2019 level. There is a statutory requirement for an annual price adjustment and the November caseload estimate includes a 3.2 percent increase for inpatient services and 1.25 percent for outpatient services. This is the third consecutive year this rate freeze has been proposed; it was also proposed for FY 2016.
- ***Graduate Medical Education.*** The Governor proposes eliminating the \$1.0 million state payment to Lifespan for graduate medical education activities for FY 2020. This is the fifth consecutive year for this proposal.
- ***Cortical Integrated Therapy.*** The Governor proposes eliminating the \$1.0 million state payment for cortical integrated therapy services for FY 2020. This is the second consecutive year for this proposal.
- ***Inpatient Upper Payment Limit Reimbursement.*** The Governor’s budget includes savings of \$9.4 million, including \$3.6 million from general revenues, from eliminating the inpatient upper payment limit reimbursement made to community hospitals for Medicaid services based on Medicare rates. The outpatient payment totaling \$6.3 million, including \$2.2 million from general revenues, would be maintained.
- ***Managed Care Organizations Reimbursements.*** The Governor’s budget proposes savings of \$5.4 million, including \$1.0 million from general revenues, from eliminating the performance goal program that provides incentives to the managed care plans to meet certain achievements and reducing the incidence of C-section births from the current 30 percent to the national recommendation of 20 percent.
- ***Independent Provider Model.*** The Governor’s budget includes \$0.8 million, including \$0.2 million from general revenues, to make the changes necessary to implement the Independent Provider Model that is part of the Quality Self-Directed Services program created by the Assembly in 2018-H 7803, Substitute A, as amended.
- ***Federally-Qualified Health Centers.*** The Governor’s budget assumes savings of \$5.3 million, including \$1.9 million from general revenues, from moving payments made to the federally-qualified health centers into the rates paid by the managed care plans.
- ***Dual Eligible Utilization Management.*** The Governor’s budget assumes savings of \$4.2 million in fee-for-service long term care programs from reducing the monthly medical expenses for approximately 3,000 Medicaid recipients nursing facilities and home and community based services. It appears that the savings will be achieved from limiting services available to this population; the specific plan to achieve the savings has not been provided.
- ***Pharmacy Rebates.*** The Governor’s budget assumes savings of \$1.8 million from improving the drug rebate claiming process to follow new federal guidelines that will result in an increase in collections offsetting costs in Medicaid programs.

- ***Estate Recovery.*** The Governor's budget assumes savings of \$0.5 million from enhancing the state's efforts to collect the resources available to it through estate recoveries; the plan to achieve the savings has not been provided.
- ***Eleanor Slater Hospital - Laundry Services.*** The Governor's budget includes savings of \$1.0 million, including \$0.5 million from general revenues, by outsourcing institutional laundry services for both campuses; the work is currently done by state employees.
- ***Eleanor Slater Hospital - Medicaid & Medicare Claiming.*** The Governor's budget includes general revenue savings of \$0.7 million from improvements to billing practices and identifying and charging the appropriate payer, either Medicaid and/or Medicare, for patients at the state-run hospital to offset general revenue expenses.
- ***Eleanor Slater Hospital - Radiology Services.*** The Governor's budget includes general revenue savings of \$95,000 from outsourcing radiology services at the state-run hospital; currently, there is one radiologist and two technicians with a reported workload of under 500 x-rays a year.
- ***Rhode Island Works.*** The Governor includes legislation to change restrictions that currently apply to Rhode Island Works participants eligible to receive a lifetime benefit of 48 months. She eliminates the requirement that the benefit be spread over 10 years, 24 months in two five-year periods, while keeping the maximum limit of 48 months. A participant would be eligible to stay on assistance for four years without interruption. The Governor's budget does not reflect the potential impact to caseloads or costs from this proposal.
- ***Hepatitis C Coverage.*** The Governor's budget includes general revenue savings of \$2.9 million for FY 2019 and \$4.5 million for FY 2020 from changing the Caseload Conference estimate that assumed an expansion of the program but at a lower per person cost as a result of new, lower cost generic drugs that have recently been made available. This savings is not the result of a distinct proposal; it appears to unilaterally alter the consensus estimate adopted in accordance with statute. Such a revision should only be considered as part of the next Caseload Conference in May along with updated information for all programs subject to the statutory consensus estimating process.
- ***Home & Community Care Co-Pay Program.*** The Governor proposes to increase the income threshold for home and community care co-pay programs from 200 percent of poverty to 250 percent and includes \$1.3 million from state and federal sources to fund this change. The program allows access to adult day and home care services for senior citizens who are not Medicaid eligible.
- ***Behavioral Health Benchmark Study.*** The Governor's budget includes \$0.2 million in the Executive Office of Health and Human Services' budget for a study to determine the appropriate investment that should be made by commercial insurers and the state Medicaid program for preventive and early intervention behavioral healthcare services.
- ***Developmental Disabilities Services - Residential Rebalancing.*** The Governor's budget includes savings of \$3.2 million of which \$1.5 million is from general revenues from continuing to reduce the census in the 24-hour privately operated residential system and allowing access to alternative settings, such as shared living.
- ***Developmental Disabilities Services - Direct Support Professional Wage Increase.*** The Governor includes \$3.0 million from general revenues matched by Medicaid to provide a rate increase to direct support professionals in the privately operated system for adults with developmental disabilities; a rate increase was also included in the FY 2017 and FY 2018 enacted budgets.

- ***RICARES.*** The Governor includes \$100,000 from general revenues for FY 2019 and FY 2020 in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to contract with RICARES to certify recovery houses that adhere to the National Alliance for Recovery Residences Standards. There are currently 14 providers operating 40 certified recovery houses with accommodations for approximately 400 individuals. Certification is required to receive state referrals and funding to deliver the services.
- ***Pay for Success.*** The Governor's budget includes \$0.5 million to assist homeless, high-Medicaid users with permanent supportive housing. The amount provided is to secure a \$1.0 million federal grant and leverage private funding. The budget anticipates requiring \$6.2 million from state sources over the course of multiple years, apparently from privately raised sources.
- ***Health Facilities Regulation Staffing.*** The Governor's budget includes \$0.3 million from restricted receipts to fund 3.0 new full-time equivalent positions for the Department of Health to increase the number of inspections of state-licensed healthcare facilities. The receipts are one-time settlement funds levied on healthcare facilities.
- ***Hospital Reorganization.*** Consistent with the approved plan, the capital budget includes \$49.9 million from all sources, including \$27.9 million from Rhode Island Capital Plan funds and \$22.0 million from Certificates of Participation approved by the 2018 Assembly to consolidate hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- ***State Medical Examiners New Facility.*** The capital budget removes \$15.0 million of approved Rhode Island Capital Plan funding to renovate the Board of Elections' current office building to house the operations of the Office of State Medical Examiners.
- ***Department of Human Services Providence Field Office.*** The Governor's budget assumes savings of \$0.3 million from all sources, including \$0.2 million from general revenues, from relocating the Department of Human Services' Providence Field Office on Elmwood Avenue, effective December 31, 2019. Staff that work directly with participants would be divided into two smaller field offices, and other employees would move into an office building. The Department reports a request for proposals for the new office spaces is in development.

## **Children and Families**

- ***Universal Prekindergarten.*** The Governor's recommended budget includes a proposal to establish a universal prekindergarten program that would expand the number of prekindergarten classrooms such that a seat is available for every four year old in a family seeking one. The state currently supports 60 prekindergarten classrooms serving 1,080 children using early childhood education aid, federal funds, and permanent school funds. The Governor's proposal would expand the number of classrooms supported through education funds as well as increase child care assistance payments for preschool aged children. For FY 2020, this includes \$4.3 million for the Department of Elementary and Secondary Education to expand the number of classrooms, provide professional development and oversight, including four new positions.

The budget also provides \$0.7 million to increase rates paid by the Departments of Human Services and Children, Youth and Families to licensed child care facilities for preschool aged children. The accompanying legislation also increases rates paid to family-based providers for this population, but the budget does not appear to include funding for that.

- ***Voluntary Extension of Care Program.*** The Governor's budget assumes savings of \$2.6 million from general revenues and \$3.7 million from all funds for accelerating placements of 18 to 21 year olds into the

Voluntary Extension of Care program from independent living and semi-independent living placements. The mechanism by which these savings would be achieved and the impact to those who have continued to receive full services in this age group is unclear.

- ***Federal Title IV-E Claiming.*** The Governor's recommendation assumes maximization of Title IV-E claiming through improvement initiatives including modifying foster care licensing requirements to increase kinship foster care placements.
- ***Training School Education Costs.*** The Governor proposes to shift the cost of educating children at the Rhode Island Training School from the state to local districts. The recommended budget includes \$1.3 million in savings assumed as a reduction in education aid to local districts from this proposal. It is unclear what the calculation in the budget assumes, but the number does equate to the FY 2018 average Training School census of 59 youth times \$22,559 which is similar to the average per pupil statewide special education cost. The Department would lose its eligibility for federal education funding. The Governor's budget adds \$250,000 from general revenues to account for this loss.
- ***Head Start Program.*** The Governor recommends the enacted amount of \$1.2 million from general revenues for the state's support for Head Start.
- ***Child Care Program Expansion.*** The Governor recommends \$200,000 from general revenues to expand the state's child care assistance program to allow eligible low-income parents to receive child care assistance while they are enrolled in a qualified institution of higher education or in workforce training programs that lead to employment.
- ***Child Care Assistance Regulations.*** The Governor's budget includes legislation to increase the state's liquid asset limitation for child care assistance eligibility from \$10,000 to \$1.0 million. In 2014, the federal government amended the statute governing the child care development block grant, limiting funds to those whose family assets do not exceed \$1.0 million. It should be noted that the Department of Human Services changed its rules and regulations to reflect the \$1.0 million liquid asset limitation prior to the Governor's budget submission. As such, the Department's rules and regulations are currently in conflict with state law.
- ***Child Care Rates.*** The Governor's budget includes \$0.9 million from general revenues for tiered reimbursement for child care providers. The 2018 Assembly established tiered reimbursement for infant, toddler, and preschool aged children in licensed child care facilities. The Governor's budget includes \$150,000 to establish tiered reimbursement for family-based care providers and \$0.7 million to increase rates paid for preschool aged children, as part of the universal prekindergarten initiative.
- ***Child Care Facility Licensing Staff.*** The Governor's budget transfers the Child Care Facilities Licensing unit to the Department of Human Services. It adds 8.0 new full-time equivalent positions for the Department of Human Services and 1.0 new legal position for the Executive Office of Health and Human Services. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department.
- ***Child Support Enforcement.*** The Governor's FY 2019 revised budget restores \$1.0 million from general revenues for expenditures that the enacted budget assumed would be funded from federal funds from a proposal to establish paternity in order to improve collections of outstanding child support, which would in turn impact custodial parents' eligibility for child care assistance and Medicaid. The Department of Human Services indicated that it will not be able to achieve the savings.
- ***Childhood Lead Poisoning Prevention.*** The Governor's budget includes an additional \$190,000 from general revenues to conduct lead inspections as part of the Childhood Lead Poisoning Prevention program.

- ***Family and Home Visiting.*** The Governor’s budget includes \$650,000 from general revenues to replace federal funds to support family home visiting programs to improve outcomes for families who reside in at-risk communities. The Department of Health is anticipating a reduction from its federal awards used for this purpose.
- ***Home Based Services.*** The Governor’s budget assumes savings of \$2.0 million, including \$1.3 million from general revenues, from a change in the timing of review of cases so that completed cases do not remain on the caseload.
- ***First Connections - Prenatal Expansion.*** The Governor’s budget includes \$378,000 from general revenues to provide families with resources and services such as preventive health and prenatal care. This program is currently federally funded.
- ***Junior High/Middle School Prevention Programs.*** The Governor includes \$65,000 from general revenues for FY 2019 and FY 2020 for youth drug prevention programs in the junior high/middle schools.

### **Community Services and Advocacy**

- ***Office of Veterans’ Affairs.*** The Governor’s budget transfers the Office of Veterans’ Affairs from the Department of Human Services to the Executive Office of Health and Human Services and includes 257.1 positions as part of this transfer.
- ***Veterans’ Programs and Services.*** The Governor includes \$400,000 from general revenues to support various veterans programs and services with the Office of Veterans’ Affairs determining how the funding is allocated, which is \$200,000 more than enacted.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Governor recommends the enacted level of \$250,000 from general revenues for the Boys and Girls Club Project Reach program, which provides homework assistance and afterschool activities.
- ***Day One.*** The Governor recommends the enacted level of \$217,000 from general revenues for Day One to provide outreach and supportive service programs relating to sexual assault.
- ***Institute for the Practice and Study of Non-Violence.*** The Governor recommends the enacted level of \$200,000 from general revenues to support the Institute’s Violence Reduction Strategy program.
- ***Rhode Island Community Food Bank.*** The Governor recommends the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank.
- ***Community Action Agencies.*** The Governor recommends the enacted level of \$520,000 to support services provided by the state’s community action agencies.
- ***Crossroads.*** The Governor recommends the enacted level of \$500,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.
- ***Domestic Violence Prevention Activities.*** The Governor recommends the enacted level of \$300,000 from general revenues for domestic violence prevention activities contracted through the Rhode Island Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- ***Division of Elderly Affairs.*** The Governor’s budget transfers the Division of Elderly Affairs, and its 31.0 positions, from the Department of Human Services to the Executive Office of Health and Human

Services and renames it the Office of Elder Affairs. The director will be appointed by and report directly to the Governor.

- **Senior Services Support.** The Governor recommends the enacted level of \$800,000 from general revenues to support the state's senior centers through a grant process.
- **Meals on Wheels/Elderly Nutrition Services.** The Governor recommends the enacted level of \$530,000 from general revenues to support Meals on Wheels.
- **Respite Care.** The Governor recommends the enacted level of \$140,000 for the Diocese of Providence to support the respite care program.
- **Elder Housing Security.** The Governor recommends the enacted level of \$85,000 from general revenues to implement housing security measures in elderly housing complexes.
- **Long Term Care Ombudsman.** The Governor recommends the enacted level of \$169,086 for the long term care ombudsman, including \$86,750 from general revenues. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services.
- **Aging and Disability Resource Center.** The Governor includes \$200,000 from federal funds for FY 2019 and FY 2020 in the Executive Office of Health and Human Services' budget to develop and maintain a website for the Aging and Disability Resource Center.

## Higher Education

- **Public Higher Education.** The Governor's budget includes \$1,250.3 million for Public Higher Education institutions, including debt service. This is \$42.7 million more than enacted from all sources. The Governor's budget includes \$244.3 million from general revenues, which is \$14.2 million more than enacted, and \$535.9 million from all other unrestricted sources. The Governor also includes the Council approved tuition and fee increases of 3.0 percent for the University, 7.3 percent for the College, and 3.0 percent for the Community College, providing an additional \$14.6 million in tuition and fee revenues.
- **RI Promise Scholarship - Community College.** The Governor's budget includes \$7.9 million, \$1.9 million more than enacted, from general revenues to support the current Rhode Island Promise Scholarship at the Community College of Rhode Island.
- **RI Promise Scholarship - Rhode Island College.** The Governor's budget includes \$3.3 million from guaranty agency reserve funds to expand the Rhode Island Promise Scholarship to current Rhode Island College students completing their junior and senior years. The total includes \$2.4 million for scholarship awards to eligible juniors while the remaining \$0.9 million would support services at the College. These costs double for FY 2021 as the next cohort is added. As reserve funds are a finite resource, the Governor's out-year forecast assumes funding will come from general revenues.
- **RI Promise Scholarship - Adults.** The Governor's budget includes \$2.0 million from guaranty agency reserve funds to expand the Rhode Island Promise Scholarship to include adult learners at the Community College. Adult learners in this case are age 25 and older, with scholarship eligibility for part-time and full-time course loads. The Promise Scholarship is currently limited to immediate high school graduates who are enrolled with a full-time course load. As reserve funds are a finite resource, the Governor's out-year forecast assumes funding will come from general revenues.

- ***Need Based Scholarships and Grants.*** The Governor’s budget maintains \$8.0 million from tuition savings fees and federal loan reserve funds for the Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island’s public higher education institutions. It removes the provision for approximately \$2 million in support for attending Rhode Island non-profit and independent schools.
- ***SNAP Scholarship - Community College of Rhode Island.*** The Governor’s budget includes \$235,000 from general revenues to provide new scholarships or work study opportunities for SNAP-eligible adults enrolled at the Community College. This includes \$225,000 for scholarships providing need-based aid for transportation, course materials, or childcare; and \$10,000 for work-study funding. This scholarship would be matched one for one by federal funding.
- ***Dual and Concurrent Enrollment.*** The Governor’s budget includes \$2.3 million from tuition savings fees for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. The recommendation is \$0.5 million more than enacted.
- ***Guaranty Agency Operations.*** The Governor’s budget reverses the restriction enacted by the 2018 Assembly limiting the Office of Postsecondary Commissioner’s use of guaranty agency funds for personnel and operating costs to 10.0 percent of the guaranty agency funds appropriated for scholarships and grants. This restriction was enacted to preserve resources for scholarships. Guaranty agency reserve funds are a finite resource and will be unable to sustain current service levels of scholarship support after FY 2021.
- ***Online Education Expansion.*** The Governor’s budget includes \$1.8 million from general revenues to support the expansion and development of online degree programs at the University of Rhode Island. The recommended funding would support an increase in course offerings, introduce new degree programs, and establish online tutoring with a help desk.
- ***Westerly Higher Education Center Staffing.*** The Governor’s budget includes authorization for 3.0 new full-time equivalent positions for the Westerly Higher Education Center bringing total staffing to eight positions. The Center is financially self-sustaining, as operating costs are supported by program fees and revenues from leasing the space.
- ***Northern Rhode Island Education Center Staffing.*** The Governor’s budget includes authorization for 1.0 new full-time equivalent position for the planned Northern Rhode Island Education Center. The Center would be modeled on the public-private partnership structure in place at the Westerly Higher Education Center with operating costs supported by program fees and revenues from leasing the space.
- ***College Crusade Support.*** The Governor’s budget includes \$3.9 million to support the operations and scholarship programs offered by the College Crusade of Rhode Island, including \$3.5 million from the GEAR-UP federal grant and \$0.4 million from general revenues. The federal grant provides funds to states and nonprofits to support eligible low-income and disabled students in pursuit of secondary school diplomas and to prepare for postsecondary education. The \$0.4 million from general revenues supports staffing and office space.
- ***Best Buddies Program.*** The Governor’s budget includes the enacted amount of \$60,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities.
- ***Special Olympics Rhode Island.*** The Governor’s budget includes the enacted amount of \$50,000 from general revenues for Special Olympics Rhode Island to support its mission of providing athletic opportunities for individuals with intellectual and developmental disabilities.

- ***URI Memorial Student Union.*** The Governor’s budget includes authorization for Assembly approval of \$51.5 million from revenue bonds for the renovation and expansion of the Memorial Student Union. Annual debt service would be \$3.8 million, assuming 6.0 percent interest and a 30-year term supported by student fees and retail lease payments from tenants occupying the Union. Total debt service would be \$112.3 million.
- ***URI Fraternity Circle Master Plan.*** The Governor’s budget includes authorization for Assembly approval of \$2.1 million from revenue bonds for improvements to the fraternity and sorority houses in Fraternity Circle on the Kingston Campus. Annual debt service would be \$0.2 million, assuming 6.0 percent interest and a 20-year term supported by general revenues and tuition and fees. Total debt service would be \$3.7 million.
- ***URI Health and Counseling Center.*** The Governor’s budget includes authorization for Assembly approval of \$26.9 million from revenue bonds for the construction of a new Combined Health and Counseling Center. Annual debt service would be \$2.0 million, assuming 6.0 percent interest and a 30-year term supported by student fees. Total debt service would be \$58.7 million.
- ***Public Higher Education Asset Protection.*** The Governor’s capital budget includes \$77.0 million from Rhode Island Capital Plan funds for asset protection projects at the institutions of public higher education for the five-year period of the capital plan.
- ***Office of Postsecondary Commissioner.*** The Governor’s capital budget includes \$0.3 million from Rhode Island Capital Plan funds in FY 2020 for asset protection projects identified by the Office for its building in Warwick.
- ***Northern Rhode Island Education Center.*** The Governor’s capital budget includes \$4.0 million from Rhode Island Capital Plan funds over FY 2019 and FY 2020 to replicate the public-private education model being used at the Westerly Higher Education and Jobs Skills Center in northern Rhode Island. Rhode Island Capital Plan funds would be used to renovate a leased space in Woonsocket; an exact site has yet to be determined.
- ***Community College - Knight Campus Engineering Lab Renovation.*** The Governor’s capital budget includes \$3.0 million from Rhode Island Capital Plan funds including \$0.4 million in FY 2019 and \$1.3 million in FY 2021 and FY 2022 to complete the renovation of engineering labs at the Community College’s Knight Campus.
- ***Community College of Rhode Island - Data, Cabling & Power Infrastructure.*** The Governor’s budget includes \$13.7 million from Rhode Island Capital Plan funds to design and construct a modernized data, cabling and power infrastructure across all four college campuses. The Community College requested this project which would begin in FY 2020 and continue through FY 2023.
- ***Community College - Flanagan Campus Renewal.*** The Governor’s capital budget includes \$12.5 million from Rhode Island Capital Plan funds for the renovation of Flanagan Campus from FY 2021 through FY 2024.
- ***University of Rhode Island - Fine Arts Center.*** The Governor’s capital budget recommendation includes \$14.9 million from Rhode Island Capital Plan funds for the first phase of the University’s fine arts center renovation through FY 2020. The University’s request for \$66.8 million includes all phases of renovation through FY 2023.

## Education and Arts

- **Telecommunications Education Access Fund.** The Governor recommends \$1.4 million in FY 2020, including \$0.4 million from general revenues, to support the Telecommunications Education Access Fund. This general revenue recommendation is consistent with the enacted budget. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.
- **Computer Science Education.** The Governor's budget includes \$260,000 from general revenues to expand access to computer science courses for elementary and secondary students, \$50,000 more than the enacted budget.
- **Curriculum Development.** The Governor's budget includes a total of \$200,000 from general revenues, which is \$100,000 more than enacted, to provide assistance to local school districts with curriculum development. Funding would be used for professional development, to assess existing resources, and to address needs of students with disabilities.
- **School-Based Mental Health Services.** The Governor recommends \$0.6 million from general revenues and \$1.4 million from a new federal adolescent health and academic achievement grant, specifically regarding mental health issues. Funding will be used to support mental health and behavioral health training, curricula and other materials for educators. In addition, federal funds will be used to promote mental health awareness and improved connections to services for school-age youth and their families.
- **Advanced Coursework Network.** The Governor recommends \$700,000 to support the advanced coursework network. This is \$250,000 more than enacted, including \$50,000 more from general revenues and \$200,000 more from permanent school funds. The program allows middle and high school students in participating districts to access career preparatory and college credit bearing courses from a network of providers including postsecondary institutions, community organizations, and local education authorities.
- **Hasbro Children's Hospital.** The Governor's budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital.
- **School Construction Bond.** The Governor's capital budget includes \$50.0 million annually from FY 2019 through FY 2023 from general obligation bonds approved by the voters on the November 2018 ballot for school construction and repairs. She recommends an additional \$250.0 million of general obligation bonds be submitted to the voters on the November 2022 ballot, and includes \$50.0 million from the second bond in FY 2024 and the remaining in the post-FY 2024 period.
- **Child Opportunity Zones.** The Governor's budget includes the enacted level of \$345,000 from general revenues to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students and their families as a strategy to accelerate student achievement.
- **Fort Adams Trust.** The Governor's budget includes the enacted level of \$30,000 from general revenues for FY 2019 and FY 2020 to support Fort Adams Trust Restoration activities.
- **Waterfire Providence.** The Governor's budget includes the enacted level of \$375,000 from general revenues to support operational costs of Waterfire Providence art installations.
- **Arts Funds.** The Governor recommends the enacted level of \$0.8 million from general revenues for the Rhode Island State Council on the Arts' grant awards.

- **VSA Arts.** The Governor recommends \$50,000 from general revenues for VSA Arts Rhode Island to support active participation of people with disabilities in the arts.

## **Public Safety**

- **High Security Center Renovations.** The Governor recommends authorization for Assembly approval of \$45.0 million through Certificates of Participation to renovate the High Security Center. This is part of a \$60.0 million project that identifies \$15.0 million as coming from Rhode Island Capital Plan funds, though there is not specific enumeration of that in the budget. Annual debt service would be \$4.3 million assuming 5.0 percent interest and a 15-year term supported by general revenues. Total debt service would be \$66.2 million. The Governor's FY 2020 budget includes savings of \$5.1 million by moving 50 inmates to out-of-state facilities and 36 inmates to buildings with lower security classifications within the Department of Corrections and transferring High Security staff among those other buildings which would reduce overtime costs.
- **Department of Corrections Asset Protection.** The Governor recommends \$67.6 million from Rhode Island Capital Plan funds to be spent in the five-year period and consolidates all projects into a single asset protection project to give the Department more flexibility in spending. This is \$10.0 million more than the total of all capital projects enacted over the five year period and includes a major new project for the High Security facility. Excluding the \$15.0 million included for High Security renovations, the Governor recommends \$52.6 million from Rhode Island Capital Plan funds in the five year period which is \$5.0 million less than the approved plan.
- **Prison Population.** The Governor's budget assumes a prison population of 2,691 which is 158 fewer inmates than the enacted population of 2,849. It also assumes a revised FY 2019 population of 2,730 which is 119 less than enacted. Through the first six months of FY 2019, the average inmate population is 2,728.
- **Expansion of Hepatitis C Treatment.** The Governor's budget includes \$2.4 million to treat 120 inmates diagnosed with Hepatitis C. These expenses relate to the Executive Office of Health and Human Services' interpretation of federal requirements for Medicaid's Hepatitis C pharmaceutical authorization changed in July 2018 to require all patients be treated with curative medication regardless of the stage of the disease. Medicaid is used as the standard of care for such protocols. The Governor's revised recommendation includes \$1.4 million to treat 70 inmates.
- **Correctional Officer Training Class.** The Governor's revised recommendation adds \$0.3 million to start a new correctional officer class in June 2019. The Governor recommends \$0.7 million for the remaining costs for the class in FY 2020. This includes 10 additional correctional officer positions assumed to result in \$0.7 million of overtime savings. The enacted budget includes \$0.1 million assuming only recruiting would begin in June 2019.
- **Cognitive Behavioral Therapy.** The Governor's budget adds \$0.1 million for the expansion of the Department of Corrections' cognitive behavioral therapy program. The pilot program started in the Medium Security facility, and this would expand treatment to the Maximum Security facility.
- **Medication Assisted Treatment Program.** The Governor's budget adds \$0.1 million for the addition of a Nurse Care Manager for the Medication Assisted Treatment Program. This program supports screening for opioid use disorders and conducting assessments of new inmates to determine treatment options. This position will be funded through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

- ***Unidentified Healthcare Savings.*** The Governor’s recommendation includes \$1.3 million in general revenue savings in the Department of Corrections from unidentified reductions to health care expenses, representing approximately five percent of such expenses. No specific plan for achieving these has been identified yet.
- ***Inmate Tracking Database.*** The Governor’s budget adds \$0.1 million for maintaining the offender tracking system which includes probation and parole, gang-affiliations, known offender enemies and no-contact orders.
- ***Crossroads.*** The Governor recommends the enacted level of \$1.1 million for discharge planning services for sex offenders provided by Crossroads Rhode Island.
- ***Indigent Defense Program.*** The Governor’s budget includes \$4.4 million from general revenues for the Judiciary’s indigent defense program, which is \$0.4 million more than enacted based on increased caseloads.
- ***Rhode Island Legal Services.*** The Governor’s budget includes the enacted level of \$90,000 from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- ***Rhode Island Coalition Against Domestic Violence.*** The Governor’s budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.
- ***Judicial Asset Protection.*** The Governor recommends \$5.0 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor recommends \$3.8 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Governor recommends \$5.0 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for replacement, restoration, and cleaning of the heating, ventilation, and air conditioning systems for all judicial complexes.
- ***Garrahy Interior Restoration – Excluding Courtrooms.*** The Governor recommends \$4.5 million from Rhode Island Capital Plan funds for FY 2024 for a new project to restore the interior of the Garrahy Judicial Complex. The interior restoration projects include removing and replacing floors and carpets, sealing and repainting the walls, woodwork refinishing, and refurbishing employee bathrooms.
- ***Rhode Island Statewide Communications Network.*** The Governor’s capital budget recommendation includes \$10.0 million from all sources through FY 2021 for the Rhode Island Statewide Communications Network. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Governor’s budget also includes \$1.2 million from general revenues for the contract with Motorola to maintain the radio system.
- ***Injured on Duty Reform.*** The Governor’s budget assumes savings of \$1.7 million from general revenues from passing legislation to amend the injured on duty law as it relates to state employees. It allows a treating physician or an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for accidental disability. Under current law, it must be the treating physician that makes the certification. The Governor also proposes that

current recipients of injured on duty payments will have 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions.

- **State Police 30 New Troopers.** The Governor's budget assumes hiring 30 new troopers who are expected to graduate from the 2019 State Police Training Academy on July 1, 2019. The enacted budget authorized training for a class size of 40.
- **E-911 Technology.** The 2018 Assembly provided \$700,000 from general revenues as part of the FY 2019 enacted budget for E-911 to perform technology upgrades and to conduct a statewide assessment of needs to implement Next Generation 911. The Governor's budget reduces that funding by \$250,000 to \$450,000 for both FY 2019 and FY 2020.
- **Overdose Prevention and Intervention/HOPE Initiative.** The Governor's budget includes \$7.6 million for FY 2019 and \$13.1 million for FY 2020 for state programs addressing opioid prevention and intervention. In October 2018, the Department of Public Safety announced the HOPE Initiative, a statewide effort between law enforcement and substance abuse professionals that will help individuals struggling with addiction. The state received a federal grant that will expand residential services, as well as recovery and peer support programs. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' budget includes \$6.5 million for FY 2019 and \$12.6 million for FY 2020. The Department of Public Safety's budget includes \$1.1 million for FY 2019 and \$0.5 million for FY 2020.
- **Master Plan for State Police.** The Governor recommends \$0.8 million from Rhode Island Capital Plan funds for FY 2019 and FY 2020 for the State Police to conduct a master plan of its properties.
- **Public Safety Asset Protection.** The Governor recommends \$3.2 million from Rhode Island Capital Plan funds for FY 2020 through FY 2024 for asset protection projects at public safety facilities.
- **Military Staff.** The Governor recommends \$0.6 million from federal funds to support 6.0 new positions for the National Guard for maintenance of federal buildings, security and environmental programs.

## Environment

- **Executive Business Office.** The Governor recommends the establishment of an Executive Business Office within the Department of Environmental Management with the purpose of fundraising, event planning, and securing sponsorships for natural resource and environmental protection efforts. The recommendation includes 2.0 full-time equivalent positions to support the office at a total cost of \$0.2 million.
- **Parks and Recreation.** The Governor recommends \$1.5 million from general revenues to provide additional maintenance and staffing for the Parks and Recreation program within the Department of Environmental Management.
- **America's Cup.** The Governor recommends \$0.4 million from general revenues to support the expenses related to hosting an America's Cup tournament in June 2020.
- **Conservation Districts.** The Governor recommends the enacted level of \$50,000 from general revenues in FY 2020 for regional conservation districts. The districts are quasi-public subdivisions of state government, governed by volunteer boards of directors from the communities.
- **Local Agriculture and Seafood Program.** The Governor recommends the enacted amount of \$0.1 million for the local agriculture and seafood program to allow small businesses in the food sector to receive grants. Funding is matched by private sources.

- **World War II State Park Improvements.** The Governor includes \$250,000 from general revenues in FY 2020 for the final year of a five-year initiative to transfer maintenance and operation of the World War II State Park from the state to the City of Woonsocket following the completion of the capital project.
- **Galilee Piers.** The Governor's capital budget includes \$7.5 million from Rhode Island Capital Plan funds and federal sources for infrastructure improvements at the Port of Galilee from FY 2019 through FY 2024.
- **Marine Infrastructure/Pier Development.** The Governor's capital budget includes \$6.8 million from Rhode Island Capital Plan funds from FY 2019 through FY 2024 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.
- **Natural Resources Offices/Visitor's Center.** The Governor's capital budget includes \$5.0 million from Rhode Island Capital Plan funds from FY 2023 to FY 2024 for the construction of a new office facility for the Natural Resources Offices/Visitor's Center in the Arcadia Management Area at Browning Mill Pond in the town of Richmond.

## Transportation

- **Toll Revenue.** The Governor's budget assumes toll revenues of \$7.0 million in the current year, based on two gantries being operational and \$26.0 million in FY 2020 from 12 gantries, with four in operations for 12 months, one for ten months, two for nine months, and one each for eight, six, four, three and one months.
- **Department of Transportation Staffing.** The Governor recommends an additional 30.0 full-time equivalent positions for the Department of Transportation, reflective of the Department's plan to perform more operations in-house. The recommendation also includes a new community liaison officer, an economic and policy analyst, a project manager, and a managing engineer. As of the first pay period in January, the Department has 64.4 positions vacant.
- **Materials Lab Testing Facility.** The Governor's revised budget includes \$2.7 million from available land sale proceeds to make renovations to its material testing laboratory in Providence to provide consistent temperature, environmental and air quality, vibration and noise control.
- **Maintenance Projects to HMA.** The Governor's budget includes legislation requiring the Department of Transportation to use a total of \$550,000 of the Highway Maintenance Account, including \$400,000 for bicycle path projects and \$150,000 to make improvements to the Welcome Center.
- **Rhode Island Public Transit Authority.** The Governor's budget dedicates an additional \$5.0 million from the Department of Transportation's share of the Highway Maintenance Account to the Rhode Island Public Transit Authority. This is in addition to the 5.0 percent share that the Authority receives under current law. This will be used to fund the Authority's debt service and free-fare program for low income seniors and persons with disabilities. The 2017 Assembly adopted legislation to provide the Authority with the additional \$5.0 million for two years and is set to expire at the end of FY 2019. The Assembly also required that the Authority convene a coordinating council to develop recommendations for sustainable funding of the free-fare program.
- **Public Transit Authority - Bus Match.** The Governor's budget assumes use of \$3.1 million from the Department of Transportation's share of the Highway Maintenance Account to finance buses for the Rhode Island Public Transit Authority.

- **Public Transit Authority - Additional Gas Tax.** The Governor's budget dedicates an additional half cent of the gasoline tax to the Transit Authority to support the use of new electric vehicle technology. The gasoline tax is indexed to the Consumer Price Index every other year, with the increase going to the Department of Transportation. The tax is scheduled to increase in FY 2020 by one cent based on this adjustment.
- **Division of Motor Vehicles.** The Governor's budget proposes altering uses of the Highway Maintenance Account requiring the Department of Transportation to reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of the fees. The budget assumes use of \$4.5 million from the Highway Maintenance Account for the Division of Motor Vehicles to cover costs of fee collection.
- **Winter Maintenance.** The Governor's budget assumes \$21.2 million for winter maintenance expenditures in FY 2020, \$0.7 million less than enacted. The revised budget includes \$20.8 million.
- **Bike Path Maintenance.** The Governor recommends \$4.0 million, \$2.0 million each from Rhode Island Capital Plan funds and highway maintenance funds for maintenance of bike paths.
- **Highway Drainage.** The Governor's capital budget assumes use of \$6.0 million and \$6.1 million for FY 2019 and FY 2020, respectively, from highway maintenance funds for catch basin inspection and cleaning. The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. Pursuant to the consent decree, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually.
- **Providence Transit Connector.** The capital budget includes a total of \$2.0 million from Rhode Island Capital Plan funds and \$2.1 million from highway maintenance funds to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. This matches a \$13.6 million federal grant awarded to the Rhode Island Public Transit Authority.
- **Pawtucket Bus Hub and Transit Corridor.** The capital budget includes \$8.9 million, including \$1.3 million from Rhode Island Capital Plan funds, to match federal funds for the Rhode Island Public Transit Authority to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border.
- **College Hill Bus Tunnel.** The capital budget assumes use of \$1.9 million from Rhode Island Capital Plan funds over FY 2020 through FY 2022 to match \$7.5 million of federal funds to make structural and drainage repairs, as well as safety improvements to the College Hill Bus Tunnel.

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# **Statewide Overview**

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## Summary

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Expenditures by Function*</b>				
General Government	\$ 1,534.3	\$ 1,583.3	\$ 1,666.1	\$ 1,626.5
Human Services	4,068.1	4,175.6	4,273.2	4,200.6
Education	2,658.9	2,674.2	2,758.9	2,746.6
Public Safety	605.3	636.0	641.6	618.7
Natural Resources	115.2	107.3	109.9	108.2
Transportation	591.0	632.4	600.1	629.5
<b>Total</b>	<b>\$ 9,572.7</b>	<b>\$ 9,808.8</b>	<b>\$ 10,049.7</b>	<b>\$ 9,930.0</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,762.3	\$ 1,763.3	\$ 1,861.7	\$ 1,843.3
Contracted Services	280.3	366.4	373.0	360.3
<b>Subtotal</b>	<b>\$ 2,042.6</b>	<b>\$ 2,129.8</b>	<b>\$ 2,234.7</b>	<b>\$ 2,203.6</b>
Other State Operations	957.3	1,010.4	987.5	1,003.1
Aid to Local Units of Government	1,371.2	1,367.5	1,457.9	1,423.5
Assistance, Grants, and Benefits	4,259.7	4,285.3	4,378.4	4,311.0
Capital	446.7	524.0	458.6	454.2
Capital Debt Service	241.0	230.1	274.2	272.9
Operating Transfers	254.3	261.7	258.5	261.8
<b>Total</b>	<b>\$ 9,572.7</b>	<b>\$ 9,808.8</b>	<b>\$ 10,049.7</b>	<b>\$ 9,930.0</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 3,908.2	\$ 3,947.1	\$ 4,189.0	\$ 4,075.1
Federal Aid	3,208.2	3,339.6	3,336.8	3,318.7
Restricted Receipts	281.8	294.3	291.7	301.5
Other	2,174.5	2,227.8	2,232.1	2,234.8
<b>Total</b>	<b>\$ 9,572.7</b>	<b>\$ 9,808.8</b>	<b>\$ 10,049.7</b>	<b>\$ 9,930.0</b>
<b>FTE Authorization</b>	<b>15,209.7</b>	<b>15,230.7</b>	<b>15,318.6</b>	<b>15,413.1</b>

*\*Data in millions*

## Summary

The Governor's budget recommendations for FY 2020 are contained in 2019-H 5151, introduced on January 17, 2019, which is the day it was due by law. Supporting documents required as part of that submission were not made available with the introduction, except for the executive summary. Documents were made available during the weeks that followed. The Capital Budget was not available until the second week of February, and there are significant discrepancies from the appropriations bill submitted, primarily because the bill overstated available resources and the funding in the Capital Budget shows reductions or delays for several projects to correct that error.

The Governor recommends a total FY 2020 budget of \$9,930.0 million. Total expenditures increase \$357.3 million from the FY 2019 budget enacted by the 2018 Assembly, or 3.7 percent. Her FY 2019 revised budget totals \$9,808.8 million; FY 2018 expenditures were \$9,032.2 million.

The budget includes \$4,075.1 million of expenditures funded from general revenues, \$166.9 million, or 4.3 percent more than the enacted general revenue funded budget. This is also \$128.0 million more than her revised recommendation.

<b>FY 2020</b>	<b>General</b>					<b>All Funds</b>
	<b>Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>		
FY 2019 Enacted	\$ 3,908.2	\$ 3,208.2	\$ 281.8	\$ 2,174.5	\$ 9,572.7	
Governor	4,075.1	3,318.7	301.5	2,234.8	9,930.0	
Change to Enacted	\$ 166.9	\$ 110.5	\$ 19.6	\$ 60.3	\$ 357.3	
Percent Change	4.3%	3.4%	7.0%	2.8%	3.7%	

<b>FY 2019 Revised</b>	<b>General</b>					<b>All Funds</b>
	<b>Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>		
FY 2018 Final	\$ 3,832.0	\$ 3,231.3	\$ 277.6	\$ 2,124.1	\$ 9,465.0	
FY 2018 Actual	3,798.7	2,996.5	258.6	1,978.5	9,032.2	
Difference	\$ (33.3)	\$ (234.9)	\$ (19.0)	\$ (145.6)	\$ (432.8)	
FY 2019 Enacted	\$ 3,908.2	\$ 3,208.2	\$ 281.8	\$ 2,174.5	\$ 9,572.7	
Governor's FY 2019 Revised	3,947.1	3,339.6	294.3	2,227.8	9,808.8	
Governor's Change to Enacted	\$ 38.8	\$ 131.4	\$ 12.5	\$ 53.2	\$ 236.0	
Percent Change	1.0%	4.1%	4.4%	2.4%	2.5%	

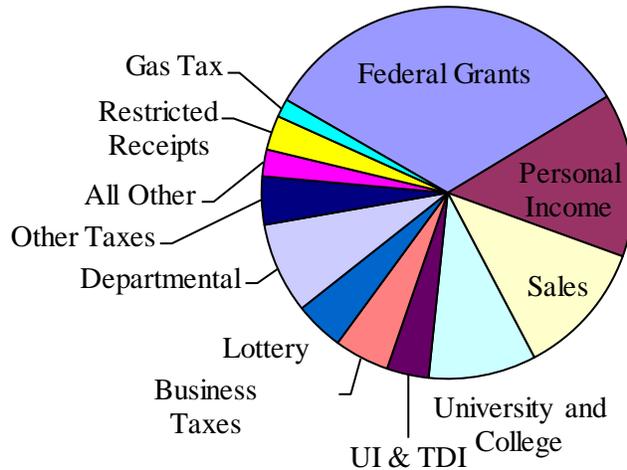
The Budget Office originally estimated that in preparing the FY 2020 budget, the Governor faced a projected revenue-expenditure gap of about \$158 million. This was similar to the House Fiscal Staff's June projections with the Budget Office estimate carrying both revenue and expenditure assumptions that were about \$30 million higher than the House Fiscal Staff estimate. By November, it was clear that agency overspending and increased caseload costs would outstrip increased resources available from the FY 2018 closing and consensus revenue estimates that exceed internal projections for FY 2020. The House Fiscal Staff estimated in November that those factors meant a roughly \$47 million current year deficit would have to be solved as well as a \$150 million issue for FY 2020, representing approximately 3.6 percent of general revenue expenditures.

The Governor's budget resolves much of the deficit through increased revenues, most of which are structural in nature, as well as reductions to human services caseload expenses and aid to cities and towns. These reductions are offset by updated education aid estimates and new initiatives, increased spending for higher education initiatives as well as a variety of other new spending priorities.

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

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

## Sources of Funds



- *Federal funds* continue to be the single largest source, accounting for 33.0 percent of all revenues in FY 2020. Recommended expenditures from federal sources of \$3,318.7 million are \$110.5 million more than enacted for FY 2019, a 3.4 percent increase, and are from 283 different federal programs.

Medicaid is the single largest source of federal funds. The Budget includes \$1,736.5 million from Medicaid, 54.3 percent of all federal funds, and 18.0 percent of all revenues. Federal Highway funds of \$269.4 million is the second largest category, 8.4 percent of federal funds.

The following table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 82.3 percent of all federal funds expenditures, with the remaining 273 programs accounting for the other 17.7 percent.

<b>Top Ten Federal Sources</b>	<i>Total</i>	<i>Percent of Total</i>	<i>Cumulative Percent</i>
Medicaid	\$ 1,736,458,537	54.3%	54.3%
Supplemental Nutrition (Food Stamps)	282,059,537	8.8%	63.1%
Federal Highway Funds	269,413,721	8.4%	71.5%
CHIP Children's Health Insurance	73,839,339	2.3%	73.8%
Temporary Assistance for Needy Families (TANF)	66,139,309	2.1%	75.9%
Title I Grants to Local Education Agencies	53,669,989	1.7%	77.6%
Special Education Grants to States	49,143,705	1.5%	79.1%
Child Care and Development Block Grant	36,037,499	1.1%	80.2%
National School Lunch Program	32,906,853	1.0%	81.3%
LIHEAP and Weatherization Grants	29,115,600	0.9%	82.2%

The following table shows FY 2020 sources with items contributing to general revenues in bold type. It also shows the total percent it contributes to all funds and general revenues for each source.

<b>All Sources</b>	<b>All Funds</b>	<b>Contribution</b>	<b>General Revenue</b>	<b>Contribution</b>
Federal Grants	\$ 3,318.7	33.0%	\$ -	0.0%
<b>Personal Income</b>	1,428.3	14.2%	1,428.3	34.0%
<b>Sales</b>	1,181.0	11.7%	1,181.0	28.1%
University and College	940.1	9.4%	-	0.0%
UI & TDI	366.1	3.6%	-	0.0%
<b>Business Taxes</b>	480.5	4.8%	480.5	11.4%
<b>Lottery</b>	429.9	4.3%	429.9	10.2%
<b>Departmental</b>	420.7	4.2%	420.7	10.0%
<b>Other Taxes</b>	234.0	2.3%	234.0	5.6%
<b>All Other</b>	794.3	7.9%	24.5	0.6%
Restricted Receipts	301.5	3.0%	-	0.0%
Gas Tax	158.9	1.6%	-	0.0%
<b>Total</b>	<b>\$ 10,053.8</b>	<b>100%</b>	<b>\$ 4,198.9</b>	<b>100%</b>

- *Sales and Personal Income taxes* combine for 25.9 percent of all revenues in FY 2020 and 62.1 percent of all general revenues. Combined with federal funds, they total over half, 59.0 percent.
- *Personal Income taxes* of \$1,428.3 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2020 estimate is \$42.7 million more than the FY 2019 enacted budget estimates, or 3.1 percent.
- *Sales tax* revenues of \$1,181.0 million are the second largest of general revenue sources. That amount is \$79.9 million more than enacted for FY 2019, or 7.3 percent.
- *University and College Funds* are \$940.1 million and 9.4 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like Pell grants. These increase \$26.3 million or 2.9 percent from the FY 2019 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$366.1 million, which are \$3.2 million more than the levels estimated for the FY 2019 enacted budget.
- *Business taxes* of \$480.5 million account for 4.8 percent of total revenues and 11.4 percent of general revenues for FY 2020. They would decrease \$5.3 million or 1.1 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies and health care institutions.
- The *Lottery* is expected to contribute \$429.9 million, which is 4.3 percent of all revenues and 10.2 percent of general revenues.
- *Departmental Revenues* of \$420.7 million include \$180.8 million from extending the hospital licensing fee another year. Departmental revenues would be 4.2 percent of all revenues and 10.0 percent of general revenues.
- *Other taxes* include cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$234.0 million in the FY 2020 budget and comprise 2.3 percent of all sources but 5.6 percent of general revenues. This category also includes the Governor's proposed revenues for an assessment on businesses that have employees on Medicaid and revenues from a proposal to legalize adult use of marijuana.

- The *gas tax*, currently 33.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund, is expected to go up to 34.5 cents pursuant to the statutory inflation adjustment. It is estimated to produce \$4.5 million from each cent in FY 2020 for a total of \$158.9 million.
- The remaining sources, estimated at \$1,095.8 million, constitute 10.9 percent of all FY 2020 sources and include sources dedicated to specific purposes such as lottery operations, transportation funds and restricted receipts as well as unclaimed property and miscellaneous other items.

### General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues, \$4,198.9 million, 41.8 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

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

Available general revenues also include a balance forward from FY 2019 of \$2.9 million minus transfer of \$121.9 million to the Budget Stabilization and Cash Reserve Account, or “rainy day fund” to be used in case of emergency, and then only by legislative action. Three percent of the opening surplus plus all revenues must be deposited in the account. These amounts had been increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

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

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

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

### FY 2020 Expenditures

Recommended expenditures of \$9,930.0 million are \$357.3 million more than enacted for FY 2019, or 3.7 percent. They can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed on the next page reflects the data in the Governor’s budget.

## Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals. Expenditures of \$4,200.6 million are 42.3 percent of all expenditures and 37.0 percent of those funded from general revenues. These expenditures are \$132.4 million more than enacted for FY 2019 by the 2018 Assembly. Those funded from general revenues are \$43.6 million more.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, and historical preservation and heritage. Education aid to local units of government represents 46.6 percent of total expenses, or \$1,279.4 million of the \$2,746.6 million. The classification of certain construction aid expenses as an operating transfer has the effect of understating the aid total by almost \$70 million in this presentation. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 27.7 percent of total expenditures, but 36.4 percent of general revenue funded ones. They increase by \$87.7 million over the enacted FY 2019 budget, and those funded from general revenues increase by \$61.7 million.
- The Budget includes \$618.7 million for *Public Safety* expenditures, \$13.4 million more than the enacted budget. They comprise 6.2 percent of all expenditures and 12.3 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$108.2 million, which is \$7.0 million less than enacted for FY 2019. They are 1.1 percent of total expenditures and 1.2 percent of those from general revenues.
- *Transportation* programs account for 6.3 percent of expenditures and include the state's highway and transit programs. Funding of \$629.5 million, none from general revenues, is \$38.5 million more than enacted for FY 2019.
- The remaining 16.4 percent of expenditures, \$1,626.5 million, are for the *General Government* programs. These include programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training.

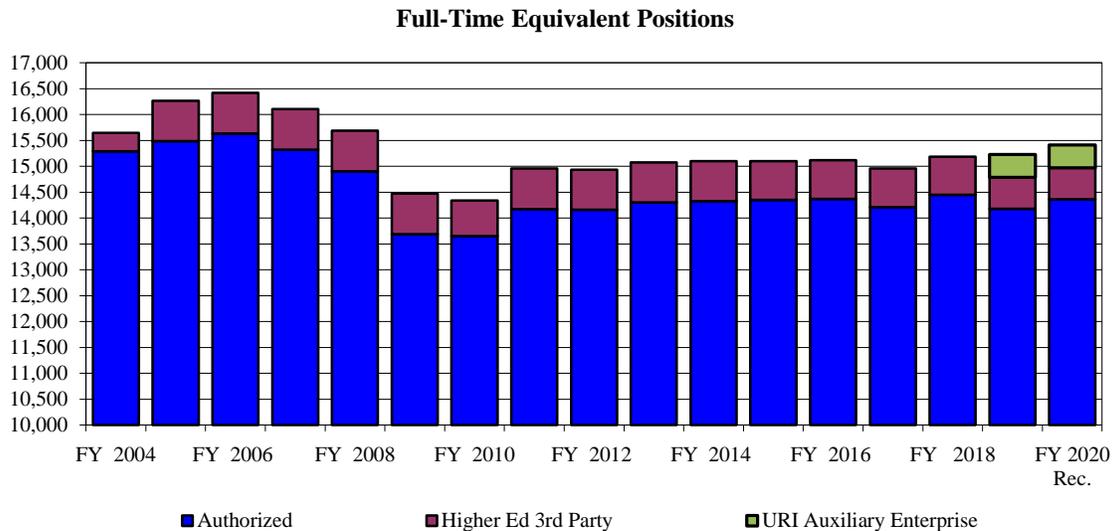
Expenditures also include all of the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$92.2 million or 6.0 percent more than the enacted budget.

## Expenditures by Category

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

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

The budget includes \$1,843.3 million for total *salaries and benefits* for 15,413.1 full-time equivalent positions and *contracted services* expenditures of \$360.3 million. Salary and benefit expenditures are \$81.0 million more than the enacted budget. Contracted services expenditures would increase \$80.0 million. Salaries and benefits account for 18.6 percent of total expenditures and 23.5 percent of those funded from general revenues. Expenditures for contracted services account for 3.6 percent of the total budget and 1.7 percent of those funded from general revenues.



The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 enacted budget. The 2017 Assembly authorized internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The Assembly concurred with the Governor’s recommendation to have the FY 2018 revised and FY 2019 budgets reflect the establishment of these internal service funds. A total of \$81.5 million of FY 2018 expenses were converted from direct appropriations to internal service funds. Of that total, \$56.2 million was budgeted as salaries and benefits and is now shown as an operating expense.

The budget includes \$1,003.1 million for *other state operations*, which constitutes 10.1 percent of FY 2020 expenditures from all sources and 3.8 percent of those funded with general revenues. This is \$45.8 million more than enacted, \$2.5 million less from general revenues. The general revenue reduction is primarily from the inclusion of \$10.0 million of unidentified and undistributed “efficiency savings” pending recommendations from a Commission to be led by the Office of Management and Budget. Notable increases in expenditures from other sources relate to lottery payments as well as higher education expenses.

*Assistance, Grants, and Benefits* constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid managed care programs including Rite Care, Rhody Health Partners and Rhody Health Options, and other medical assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure. The following table shows the major grants in human services.

EOHHS-Human Services Grants	All Funds				General Revenues			
	FY 2018 Reported	FY 2019 Enacted	FY 2020 Gov. Rec.	Change	FY 2018 Reported	FY 2019 Enacted	FY 2020 Gov. Rec.	Change
<b>EOHHS/Human Services</b>								
Managed Care	\$ 710.0	\$ 732.1	\$ 727.9	\$ (4.3)	\$ 304.4	\$ 316.4	\$ 315.5	\$ (0.9)
Long Term Care	226.3	396.3	438.3	42.0	109.9	185.9	206.6	20.8
Hospitals	192.3	191.2	187.6	(3.6)	93.3	91.3	88.1	(3.2)
Rhody Health Partners	224.4	258.1	262.9	4.8	110.0	123.9	125.3	1.4
Rhody Health Options	358.2	192.6	134.6	(57.9)	174.4	92.5	63.5	(29.0)
Expansion	453.9	469.2	483.7	14.6	25.4	30.6	41.1	10.5
Other	110.2	113.6	129.6	16.0	40.8	47.7	54.0	6.3
Pharmacy	60.5	65.5	74.2	8.7	62.7	66.0	74.8	8.7
Health System Transformation Project	13.6	23.5	23.5	-	-	-	-	-
Subtotal: Medical Assistance	\$ 2,349.5	\$ 2,442.0	\$ 2,462.2	\$ 20.2	\$ 920.9	\$ 954.3	\$ 968.8	\$ 14.5
Child Care	\$ 65.1	\$ 73.6	\$ 79.1	\$ 5.6	\$ 9.9	\$ 10.7	\$ 11.7	\$ 1.0
Rhode Island Works Program	24.9	25.3	24.8	(0.4)	-	-	-	-
SSI State Program	20.2	20.0	20.2	0.1	20.2	20.0	20.2	0.1
SSI/Bridge Program	1.1	1.1	1.0	(0.1)	1.1	1.1	1.0	(0.1)
Subtotal: Cash Assistance	\$ 111.3	\$ 120.0	\$ 125.2	\$ 5.2	\$ 31.1	\$ 31.8	\$ 32.9	\$ 1.1
Supplemental Nutrition Assistance	\$ 260.3	\$ 282.0	\$ 265.0	\$ (17.0)	\$ -	\$ -	\$ -	\$ -
Low Income Heating and Energy Assistance Program (LIHEAP)	25.7	28.2	30.8	2.6	-	-	-	-
Weatherization	0.4	1.0	1.0	-	-	-	-	-
HIV/AIDS Prevention	9.8	6.0	4.1	(1.9)	-	-	-	-
Veterans' Organizations	0.2	0.2	0.4	0.2	0.2	0.2	0.4	-
Community & Social Services Block Grants	9.5	6.2	7.3	1.1	1.9	2.2	2.2	-
Subtotal: Other Assistance	\$ 305.9	\$ 323.5	\$ 308.6	\$ (16.1)	\$ 2.1	\$ 2.4	\$ 2.6	\$ -
<b>DHS/Division of Elderly Affairs*</b>								
Medical Assistance	5.8	6.9	8.2	1.3	2.8	3.3	3.9	0.6
Other Grants	9.0	9.0	9.0	(0.04)	1.6	2.1	2.1	-
<b>Behavioral Healthcare, Developmental Disabilities and Hospitals</b>								
Developmental Disabilities	\$ 225.3	\$ 229.9	\$ 240.8	\$ 10.9	\$ 109.8	\$ 107.8	\$ 113.6	\$ 5.8
Behavioral Healthcare Services	\$ 17.0	\$ 21.2	\$ 27.9	6.7	\$ 1.0	\$ 0.9	\$ 0.4	\$ (0.5)
<b>Children, Youth and Families</b>								
Child Welfare	\$ 137.4	\$ 123.7	\$ 125.7	\$ 2.0	\$ 102.3	\$ 88.6	\$ 94.1	\$ 5.5
Children's Behavioral Health	9.8	8.8	9.8	1.0	4.9	4.4	4.4	-
Juvenile Corrections	2.0	2.2	1.9	(0.3)	2.0	2.2	1.8	(0.4)
Higher Ed. Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-
<b>Health</b>								
Women, Infants and Children	\$ 19.4	\$ 21.7	\$ 20.9	\$ (0.8)	\$ -	\$ -	\$ -	\$ -
HIV Surveillance & Prevention	0.9	0.4	1.2	0.8	-	-	-	-
Tobacco and Smoking Cessation	0.1	0.1	0.1	-	0.1	0.1	0.1	-
Other Grants	20.4	18.7	24.9	6.2	1.0	1.0	1.2	0.2

\*Governor recommends a new Office of Elder Affairs

Assistance, grants, and benefits are \$4,311.0 million and constitute the largest category, 43.4 percent of all expenditures and 32.6 percent of general revenue funded expenditures. While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$51.3 million more than the enacted budget considering all sources, and \$39.9 million more from general revenues.

*Local Aid, or Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The budget includes \$1,423.5 million for *aid to local units of government* that includes \$1,279.4 million in education aid and \$144.2 million in general state aid. These expenditures comprise 14.3 percent of all expenditures. However, they comprise 30.7 percent of general revenue funded ones. These values are understated because the budget classification for the Governor's FY 2020 budget shows

\$69.4 million of general revenue support for local education expenses as operating transfers and not local aid.

Local aid expenditures from general revenues of \$1,252.8 million consist of \$1,109.6 million in education aid and \$143.2 million in general state aid. General revenue funded education aid increases by \$38.1 million but appears to increase by \$41.6 million because of the category presentation; general aid is \$16.8 million more. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

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

Capital expenses total \$454.2 million, or 4.6 percent of all expenditures; debt service of \$272.9 million is 2.7 percent. Capital expenditures would be \$7.5 million more than enacted for FY 2019 and debt service \$31.9 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays within state operations. The purpose may be to include all fixed assets above certain threshold values of cost and time. The budget does not present sufficient information to break the new items out from the old. It should also be noted that included in this total is \$20 million of expenditures from Rhode Island Capital Plan funds for which resources do not exist. The Governor's Capital Budget shows reductions or delays for several projects to correct that error and requests to amend the appropriations bill to match are expected.

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

They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. They total \$261.8 million and constitute 2.6 percent of the total budget. The general revenues portion is \$100.4 million, 2.5 percent of general revenue funded expenditures, though two-thirds of that should have been categorized as local aid.

## General Revenue Surplus Statement

The Governor recommends an ending FY 2020 surplus of \$0.7 million, and an operating deficit of \$2.3 million reflecting use of the FY 2019 surplus.

	FY 2018	FY 2019	FY 2020
<b>Opening Surplus</b>			
Free Surplus	\$ 61,660,230	\$ 52,525,379	\$ 2,948,780
Reappropriated Surplus	10,338,899	10,057,409	-
<b>Subtotal</b>	<b>\$ 71,999,129</b>	<b>\$ 62,582,788</b>	<b>\$ 2,948,780</b>
<b>Revenues</b>			
Actual/Enacted/Estimated	\$ 3,908,384,435	\$ 3,998,485,298	\$ 3,950,250,000
Governor	-	10,786,873	248,637,451
Assembly	-	-	-
<b>Revenues</b>	<b>\$ 3,908,384,435</b>	<b>\$ 4,009,272,171</b>	<b>\$ 4,198,887,451</b>
Cash Stabilization Fund	(119,101,340)	(121,853,926)	(126,055,087)
From Cash Stabilization Fund	-	-	-
<b>Total Available Resources</b>	<b>\$ 3,861,282,224</b>	<b>\$ 3,950,001,033</b>	<b>\$ 4,075,781,144</b>
<b>Expenditures</b>			
Actual/Enacted/Estimated	\$ 3,798,699,436	\$ 3,908,207,061	\$ 4,075,093,139
Reappropriations	-	10,057,409	-
Governor	-	28,787,783	-
<b>Total Expenditures</b>	<b>\$ 3,798,699,436</b>	<b>\$ 3,947,052,253</b>	<b>\$ 4,075,093,139</b>
<b>Total Surplus</b>	<b>\$ 62,582,788</b>	<b>\$ 2,948,780</b>	<b>\$ 688,005</b>
Reappropriations	(10,057,409)	-	-
<b>Free Surplus</b>	<b>\$ 52,525,379</b>	<b>\$ 2,948,780</b>	<b>\$ 688,005</b>
<i>Operating Surplus/(Deficit)</i>	<i>922,558</i>	<i>(49,576,599)</i>	<i>(2,260,775)</i>
<b>Budget Stabilization and Cash Reserve</b>	<b>\$ 198,502,233</b>	<b>\$ 203,089,877</b>	<b>\$ 210,091,812</b>
Percent of Revenues	5.1%	5.1%	5.0%

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$198.5 million in FY 2018, \$203.1 million in FY 2019, and \$210.1 million in FY 2020. The account receives 3.0 percent of general revenues plus free surplus annually.

### Out-Year Forecasts

The out-years continue to be significantly unbalanced as projected expenditure growth continues to outpace revenue growth. The forecast included with the Governor’s budget estimates a \$79.1 million gap for FY 2021, equating to 1.9 percent of useable revenues, that grows to \$277.3 million in FY 2023, 6.3 percent of useable revenues. The FY 2021 gap includes the impact of the use of one-time items in the resolution of the current budget gap as well as growth in local aid based on the ongoing car tax phase-out. The Governor proposes shifting a greater proportion of those costs to the later years. The forecast also assumes the impact of new proposals for spending including expansion of free tuition, increased tax credit proposals and commitments for tax credits. Some of that is offset by growth in newly proposed revenue items for which only a partial year impact is assumed for FY 2020.

The estimate appears to exclude the significant impact of recent changes to the school construction program that are expected to drive costs well above the currently estimated \$80 million per year in addition to the known costs of servicing the debt on the new \$250 million bond. The forecast also does not include any growth in expenses for the universal pre-kindergarten proposal which requires expansion to meet demand.

	FY 2021	FY 2022	FY 2023	FY 2023
Opening Surplus	\$ 0.7	\$ -	\$ -	\$ -
Revenues	4,291.7	4,373.5	4,472.5	4,557.4
Cash Stabilization Fund	(128.8)	(131.2)	(134.2)	(136.7)
Useable Revenues	\$ 4,163.6	\$ 4,242.3	\$ 4,338.3	\$ 4,420.7
Expenditures	4,242.7	4,357.5	4,518.3	4,698.0
Total Surplus	\$ (79.1)	\$ (115.2)	\$ (180.0)	\$ (277.3)
Revenue Growth	2.2%	1.9%	2.3%	1.9%
Useable Revenue Growth	2.2%	1.9%	2.3%	1.9%
Expenditure Growth	4.1%	2.7%	3.7%	4.0%
Surplus Percent of Useable Revenues	-1.9%	-2.7%	-4.1%	-6.3%

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

<i>(in millions)</i>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Average
<i>Gov. Budget</i>	<b>Out-Year Forecasts</b>											
FY 2013	(103.6)	(232.2)	(348.7)	(464.4)								(287.2)
FY 2014		(169.2)	(254.5)	(377.8)	(468.9)							(317.6)
FY 2015			(151.1)	(256.7)	(330.5)	(419.3)						(289.4)
FY 2016				(74.6)	(211.8)	(285.9)	(376.7)					(237.3)
FY 2017					(192.6)	(233.6)	(271.7)	(332.6)				(257.6)
FY 2018						(150.0)	(184.1)	(192.6)	(194.1)			(180.2)
FY 2019							(86.2)	(123.9)	(173.6)	(227.0)		(152.7)
FY 2020								(79.1)	(115.2)	(180.0)	(277.3)	(162.9)

One of the largest contributors to the FY 2020 deficit that required solving was the use of one-time solutions for the FY 2019 budget, including the expected \$31.3 million FY 2018 surplus. Also contributing was the commitment to reimburse municipalities for phasing out car taxes.

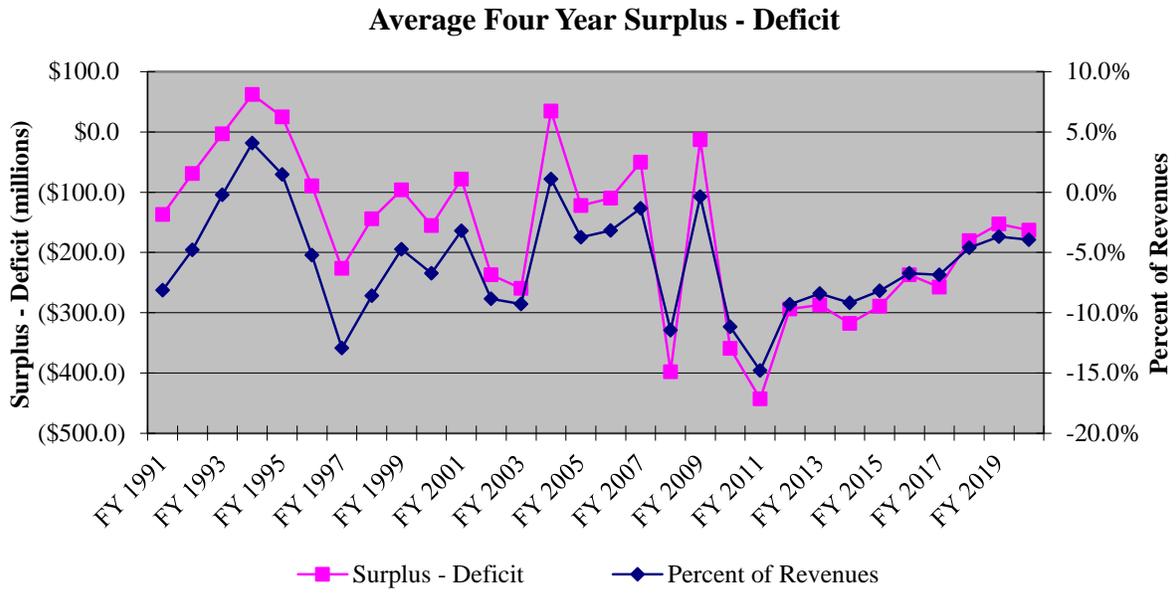
One-time revenues are also featured in the resolution of the current budget gap. There are also future commitments for funding. This includes expanding the free-tuition program with one-time, non-general revenue resources in FY 2020. There are also proposals that cost more in later years than in FY 2020, and it is not apparent that all are accounted for properly in the out-year estimates. Notably, costs related to the temporary enhancement of school construction reimbursements and the expansion of pre-kindergarten services.

However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2021 through FY 2024 and the FY 2020 budget itself. In the past a more pronounced pattern of growth in the out-year gaps illustrated the fact that projected expenditures continue to grow at faster rates than revenues are expected to grow. This budget does not show that level of growth; however, there is still a notable imbalance between expenditure growth and revenue growth.

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

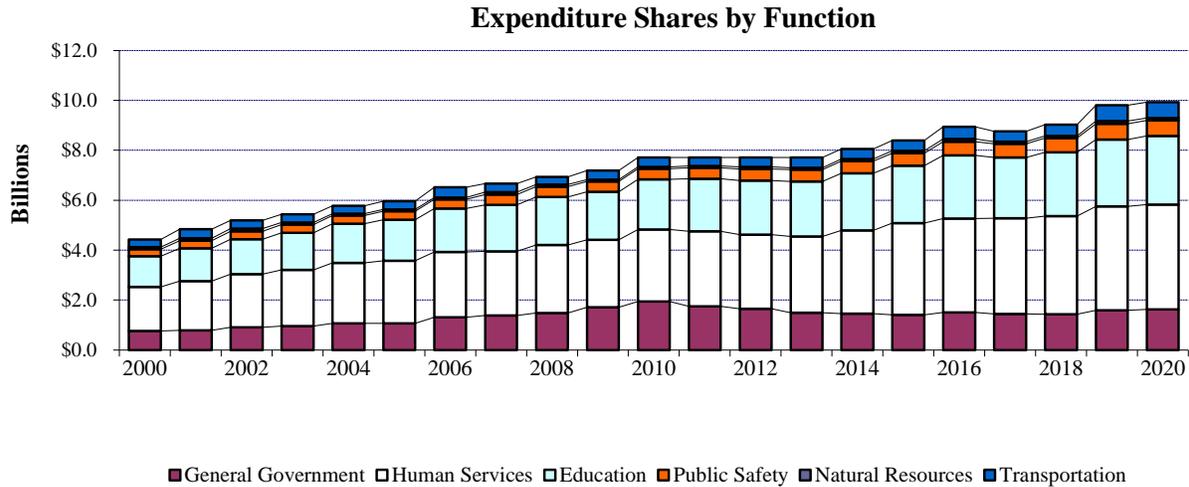
While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits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

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



## Distribution of Total Expenditures

Expenditures can be aggregated many ways. In Rhode Island, we have tended to aggregate by *function* and by *category of expenditure*. The functional classification aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for. As noted previously, changes in budget presentation relative to internal service funds impact these comparisons.



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

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

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

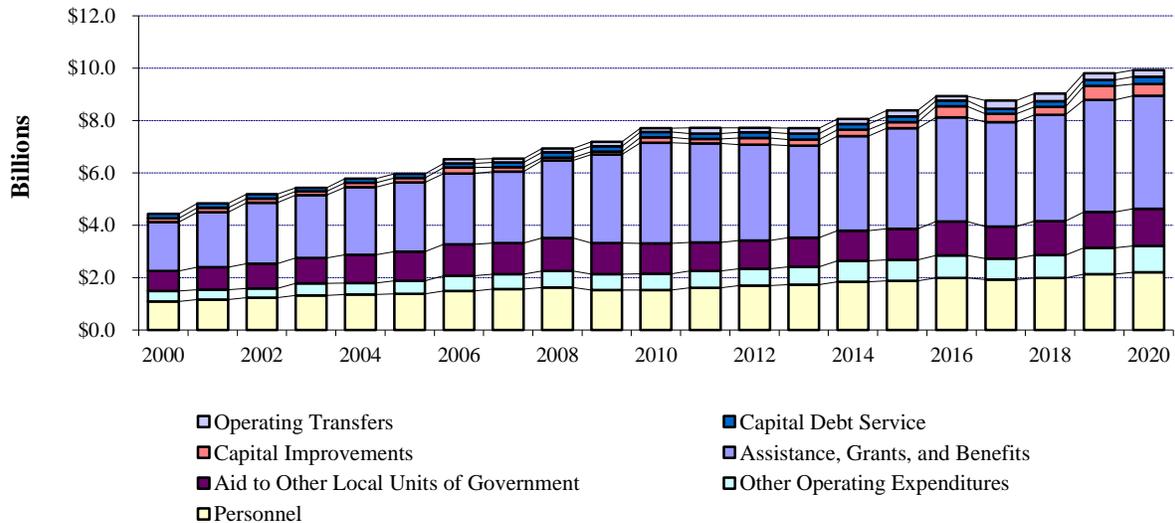
*Public Safety* includes the state’s law enforcement, adjudication, and penal programs.

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

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

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants, and benefits; capital; and operating transfers. As noted previously, changes in budget presentation relative to internal service funds impact these comparisons.

## Expenditure Shares by Category



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

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

*Assistance, Grants, and Benefits* constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid managed care programs including Rite Care, Rhody Health Partners and Rhody Health Options, and other medical assistance programs. They also include grants to environmental agencies, local law enforcement agencies, and unemployment compensation, temporary disability and workers’ compensation. This is the largest category of expenditure.

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

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

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

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

## **Distribution Tables**

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

## Expenditures from All Funds

<b>FY 2018 Reported</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 199.2 2.2%	\$ 372.6 4.1%	\$ 556.1 6.2%	\$ 412.6 4.6%	\$ 50.9 0.6%	\$ 69.8 0.8%	\$ 1,661.1 18.4%
Contracted Services	35.2 0.4%	126.4 1.4%	79.4 0.9%	20.3 0.2%	5.7 0.1%	52.4 0.6%	319.4 3.5%
Other State Operations	436.8 4.8%	120.3 1.3%	208.3 2.3%	70.1 0.8%	13.8 0.2%	27.5 0.3%	876.7 9.7%
Aid to Local Units of Government	104.9 1.2%	- 0.0%	1,189.5 13.2%	0.0 0.0%	- 0.0%	- 0.0%	1,294.5 14.3%
Assistance, Grants, & Benefits	386.8 4.3%	3,294.0 36.5%	344.8 3.8%	23.9 0.3%	6.1 0.1%	7.3 0.1%	4,062.8 45.0%
Capital	39.1 0.4%	16.5 0.2%	54.3 0.6%	41.8 0.5%	9.3 0.1%	150.0 1.7%	311.0 3.4%
Debt Service	156.7 1.7%	- 0.0%	54.3 0.6%	1.5 0.0%	- 0.0%	0.1 0.0%	212.5 2.4%
Operating Transfers	70.6 0.8%	4.6 0.1%	72.6 0.8%	- 0.0%	- 0.0%	146.5 1.6%	294.4 3.3%
<b>Total</b>	<b>\$ 1,429.3 15.8%</b>	<b>\$ 3,934.3 43.6%</b>	<b>\$ 2,559.3 28.3%</b>	<b>\$ 570.2 6.3%</b>	<b>\$ 85.7 0.9%</b>	<b>\$ 453.5 5.0%</b>	<b>\$ 9,032.2 100.0%</b>

<b>FY 2019 Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 224.4 2.3%	\$ 389.3 4.1%	\$ 572.9 6.0%	\$ 432.6 4.5%	\$ 55.6 0.6%	\$ 87.6 0.9%	\$ 1,762.3 18.4%
Contracted Services	32.3 0.3%	106.1 1.1%	71.3 0.7%	21.8 0.2%	7.1 0.1%	41.6 0.4%	280.3 2.9%
Other State Operations	462.8 4.8%	136.4 1.4%	227.6 2.4%	71.0 0.7%	16.5 0.2%	43.0 0.4%	957.3 10.0%
Aid to Local Units of Government	127.4 1.3%	- 0.0%	1,243.8 13.0%	- 0.0%	- 0.0%	- 0.0%	1,371.2 14.3%
Assistance, Grants, & Benefits	420.9 4.4%	3,424.8 35.8%	354.7 3.7%	27.2 0.3%	8.7 0.1%	23.4 0.2%	4,259.7 44.5%
Capital	49.7 0.5%	6.5 0.1%	55.4 0.6%	52.6 0.5%	27.2 0.3%	255.2 2.7%	446.7 4.7%
Debt Service	182.6 1.9%	- 0.0%	58.4 0.6%	- 0.0%	- 0.0%	- 0.0%	241.0 2.5%
Operating Transfers	34.2 0.4%	5.0 0.1%	74.7 0.8%	- 0.0%	0.1 0.0%	140.3 1.5%	254.3 2.7%
<b>Total</b>	<b>\$ 1,534.3 16.0%</b>	<b>\$ 4,068.1 42.5%</b>	<b>\$ 2,658.9 27.8%</b>	<b>\$ 605.3 6.3%</b>	<b>\$ 115.2 1.2%</b>	<b>\$ 591.0 6.2%</b>	<b>\$ 9,572.7 100.0%</b>

## Expenditures from All Funds

<b>FY 2020 Recommended</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 236.1 2.4%	\$ 401.2 4.0%	\$ 609.9 6.1%	\$ 443.9 4.5%	\$ 57.9 0.6%	\$ 94.2 0.9%	\$ 1,843.3 18.6%
Contracted Services	35.0 0.4%	176.4 1.8%	77.3 0.8%	22.1 0.2%	7.3 0.1%	42.3 0.4%	360.3 3.6%
Other State Operations	483.5 4.9%	146.0 1.5%	224.5 2.3%	81.6 0.8%	17.4 0.2%	50.1 0.5%	1,003.1 10.1%
Aid to Local Units of Government	144.2 1.5%	- 0.0%	1,279.4 12.9%	- 0.0%	- 0.0%	- 0.0%	1,423.5 14.3%
Assistance, Grants, & Benefits	413.5 4.2%	3,467.0 34.9%	369.4 3.7%	35.1 0.4%	7.1 0.1%	19.0 0.2%	4,311.0 43.4%
Capital	73.1 0.7%	5.4 0.1%	44.4 0.4%	35.9 0.4%	18.4 0.2%	277.0 2.8%	454.2 4.6%
Debt Service	201.9 2.0%	- 0.0%	70.7 0.7%	- 0.0%	- 0.0%	0.3 0.0%	272.9 2.7%
Operating Transfers	39.3 0.4%	4.7 0.0%	71.1 0.7%	- 0.0%	0.1 0.0%	146.6 1.5%	261.8 2.6%
<b>Total</b>	<b>\$ 1,626.5 16.4%</b>	<b>\$ 4,200.6 42.3%</b>	<b>\$ 2,746.6 27.7%</b>	<b>\$ 618.7 6.2%</b>	<b>\$ 108.2 1.1%</b>	<b>\$ 629.5 6.3%</b>	<b>\$ 9,930.0 100.0%</b>

<b>FY 2020 Recommended Change to Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 11.7 3.3%	\$ 11.9 3.3%	\$ 37.0 10.4%	\$ 11.4 3.2%	\$ 2.4 0.7%	\$ 6.6 1.9%	\$ 81.0 22.7%
Contracted Services	2.6 0.7%	70.2 19.7%	6.0 1.7%	0.3 0.1%	0.2 0.1%	0.7 0.2%	80.0 22.4%
Other State Operations	20.7 5.8%	9.6 2.7%	(3.1) -0.9%	10.6 3.0%	0.9 0.2%	7.1 2.0%	45.8 12.8%
Aid to Local Units of Government	16.8 4.7%	- 0.0%	35.5 9.9%	- 0.0%	- 0.0%	- 0.0%	52.3 14.6%
Assistance, Grants, & Benefits	(7.4) -2.1%	42.2 11.8%	14.6 4.1%	7.9 2.2%	(1.6) -0.4%	(4.4) -1.2%	51.3 14.4%
Capital	23.4 6.5%	(1.1) -0.3%	(11.0) -3.1%	(16.7) -4.7%	(8.8) -2.5%	21.8 6.1%	7.5 2.1%
Debt Service	19.3 5.4%	- 0.0%	12.2 3.4%	- 0.0%	- 0.0%	0.3 0.1%	31.9 8.9%
Operating Transfers	5.1 1.4%	(0.3) -0.1%	(3.6) -1.0%	- 0.0%	- 0.0%	6.3 1.8%	7.5 2.1%
<b>Total</b>	<b>\$ 92.2 25.8%</b>	<b>\$ 132.4 37.1%</b>	<b>\$ 87.7 24.6%</b>	<b>\$ 13.4 3.8%</b>	<b>\$ (7.0) -1.9%</b>	<b>\$ 38.5 10.8%</b>	<b>\$ 357.3 100.0%</b>

## Expenditures from General Revenues

<b>FY 2018 Reported</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 122.5 3.2%	\$ 186.9 4.9%	\$ 151.2 4.0%	\$ 385.5 10.1%	\$ 31.5 0.8%	\$ - 0.0%	\$ 877.7 23.1%
Contracted Services	9.6 0.3%	24.4 0.6%	14.0 0.4%	16.2 0.4%	0.4 0.0%	- 0.0%	64.7 1.7%
Other State Operations	41.7 1.1%	35.2 0.9%	32.5 0.9%	55.2 1.5%	9.7 0.3%	- 0.0%	174.4 4.6%
Aid to Local Units of Government	104.0 2.7%	- 0.0%	1,042.9 27.5%	- 0.0%	- 0.0%	- 0.0%	1,146.8 30.2%
Assistance, Grants, & Benefits	12.0 0.3%	1,195.6 31.5%	40.2 1.1%	11.7 0.3%	1.0 0.0%	- 0.0%	1,260.6 33.2%
Capital	0.7 0.0%	0.5 0.0%	2.4 0.1%	2.6 0.1%	0.1 0.0%	- 0.0%	6.3 0.2%
Debt Service	114.0 3.0%	- 0.0%	32.2 0.8%	- 0.0%	- 0.0%	- 0.0%	146.2 3.8%
Operating Transfers	50.0 1.3%	1.2 0.0%	70.8 1.9%	- 0.0%	- 0.0%	- 0.0%	122.0 3.2%
<b>Total</b>	<b>\$ 454.5 12.0%</b>	<b>\$ 1,443.9 38.0%</b>	<b>\$ 1,386.2 36.5%</b>	<b>\$ 471.2 12.4%</b>	<b>\$ 42.8 1.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 3,798.7 100.0%</b>

<b>FY 2019 Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 141.1 3.6%	\$ 186.8 4.8%	\$ 160.2 4.1%	\$ 402.2 10.3%	\$ 34.0 0.9%	\$ - 0.0%	\$ 924.2 23.6%
Contracted Services	9.5 0.2%	22.8 0.6%	10.4 0.3%	16.4 0.4%	0.4 0.0%	- 0.0%	59.6 1.5%
Other State Operations	25.2 0.6%	40.5 1.0%	28.7 0.7%	54.2 1.4%	9.3 0.2%	- 0.0%	158.0 4.0%
Aid to Local Units of Government	126.5 3.2%	- 0.0%	1,068.0 27.3%	- 0.0%	- 0.0%	- 0.0%	1,194.5 30.6%
Assistance, Grants, & Benefits	17.8 0.5%	1,212.0 31.0%	44.7 1.1%	13.0 0.3%	0.9 0.0%	- 0.0%	1,288.4 33.0%
Capital	1.5 0.0%	0.4 0.0%	5.1 0.1%	2.3 0.1%	0.0 0.0%	- 0.0%	9.3 0.2%
Debt Service	140.7 3.6%	- 0.0%	32.9 0.8%	- 0.0%	- 0.0%	- 0.0%	173.6 4.4%
Operating Transfers	27.6 0.7%	0.2 0.0%	72.9 1.9%	- 0.0%	- 0.0%	- 0.0%	100.7 2.6%
<b>Total</b>	<b>\$ 489.8 12.5%</b>	<b>\$ 1,462.7 37.4%</b>	<b>\$ 1,423.0 36.4%</b>	<b>\$ 488.1 12.5%</b>	<b>\$ 44.6 1.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 3,908.2 100.0%</b>

## Expenditures from General Revenues

<b>FY 2020 Recommended</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 141.3 3.5%	\$ 197.3 4.8%	\$ 169.6 4.2%	\$ 412.3 10.1%	\$ 36.5 0.9%	\$ - 0.0%	\$ 957.0 23.5%
Contracted Services	10.8 0.3%	28.0 0.7%	12.1 0.3%	17.3 0.4%	0.4 0.0%	- 0.0%	68.5 1.7%
Other State Operations	26.9 0.7%	40.6 1.0%	21.8 0.5%	56.0 1.4%	10.1 0.2%	- 0.0%	155.4 3.8%
Aid to Local Units of Government	143.2 3.5%	- 0.0%	1,109.6 27.2%	- 0.0%	- 0.0%	- 0.0%	1,252.8 30.7%
Assistance, Grants, & Benefits	14.4 0.4%	1,240.0 30.4%	57.6 1.4%	15.3 0.4%	1.1 0.0%	- 0.0%	1,328.3 32.6%
Capital	1.9 0.0%	0.5 0.0%	5.0 0.1%	1.7 0.0%	0.0 0.0%	- 0.0%	9.1 0.2%
Debt Service	163.7 4.0%	- 0.0%	39.8 1.0%	- 0.0%	- 0.0%	- 0.0%	203.5 5.0%
Operating Transfers	31.1 0.8%	- 0.0%	69.4 1.7%	- 0.0%	- 0.0%	- 0.0%	100.4 2.5%
<b>Total</b>	<b>\$ 533.2 13.1%</b>	<b>\$ 1,506.4 37.0%</b>	<b>\$ 1,484.8 36.4%</b>	<b>\$ 502.6 12.3%</b>	<b>\$ 48.1 1.2%</b>	<b>\$ - 0.0%</b>	<b>\$ 4,075.1 100.0%</b>

<b>FY 2020 Recommended Change to Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 0.2 0.1%	\$ 10.5 6.3%	\$ 9.4 5.6%	\$ 10.2 6.1%	\$ 2.5 1.5%	\$ - 0.0%	\$ 32.8 19.6%
Contracted Services	1.3 0.8%	5.2 3.1%	1.7 1.0%	0.8 0.5%	0.0 0.0%	- 0.0%	9.0 5.4%
Other State Operations	1.7 1.0%	0.1 0.1%	(6.9) -4.1%	1.8 1.1%	0.8 0.5%	- 0.0%	(2.5) -1.5%
Aid to Local Units of Government	16.8 10.1%	- 0.0%	41.6 24.9%	- 0.0%	- 0.0%	- 0.0%	58.3 35.0%
Assistance, Grants, & Benefits	(3.4) -2.1%	28.0 16.8%	12.9 7.7%	2.3 1.4%	0.2 0.1%	- 0.0%	39.9 23.9%
Capital	0.4 0.3%	0.1 0.1%	(0.1) -0.1%	(0.6) -0.3%	(0.0) 0.0%	- 0.0%	(0.2) -0.1%
Debt Service	23.0 13.8%	- 0.0%	6.9 4.1%	- 0.0%	- 0.0%	- 0.0%	29.9 17.9%
Operating Transfers	3.5 2.1%	(0.2) -0.1%	(3.5) -2.1%	- 0.0%	- 0.0%	- 0.0%	(0.3) -0.2%
<b>Total</b>	<b>\$ 43.5 26.0%</b>	<b>\$ 43.6 26.1%</b>	<b>\$ 61.7 37.0%</b>	<b>\$ 14.6 8.7%</b>	<b>\$ 3.5 2.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 166.9 100.0%</b>



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# **Capital Budget**

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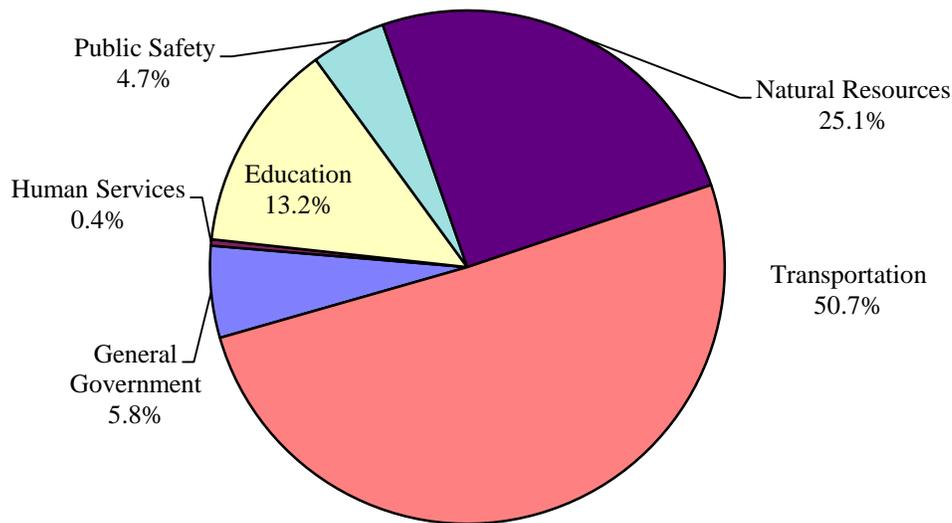


# Capital Budget

## Summary

The Governor’s five-year capital recommendations for FY 2020 through FY 2024 call for total outlays of \$5,321.2 million for the period. Financing the plan requires \$1,297.0 million of debt issuances and \$4,024.2 million from current revenue streams. This analysis is based on unpublished draft documents provided on February 11 subject to further change pending formal release.

### FY 2020 - FY 2024 Capital Projects by Function

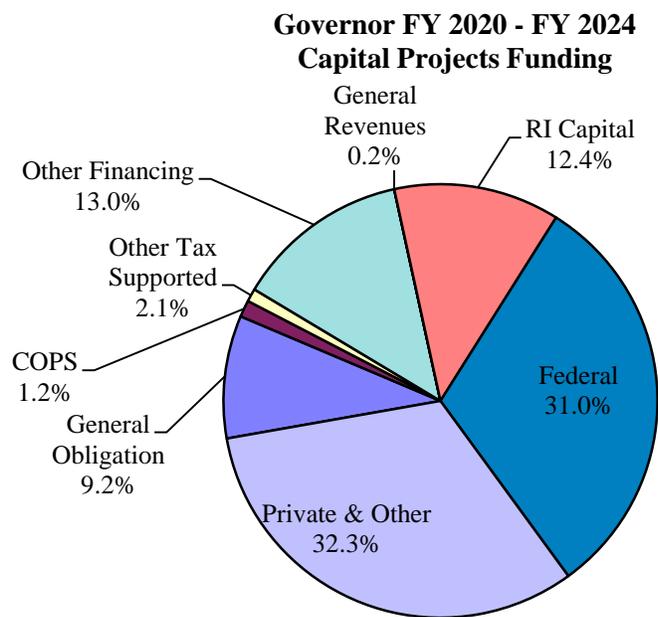


The Governor’s five-year capital recommendation for FY 2020 through FY 2024 calls for total outlays of \$5,321.2 million for the period. Financing the plan requires \$1,297.0 million of debt issuances and \$4,024.2 million from current revenue streams. Over half of the expenditures are for transportation projects including road and bridges, rail, and public transportation. The next largest shares are for natural resources and education project outlays. The three areas account for almost 90 percent of total outlays during the five-year period. Highlights of her capital budget include:

- **Outlays and Funding.** The FY 2020 through FY 2024 plan includes \$5,321.2 million of outlays on \$13,757.8 million of project estimates. Average outlays would be \$1,064.2 million per year for the five-year period with \$637.6 million required at the end of the period to complete the projects. Consistent with last year’s budget but in a change in presentation from prior capital budgets, the capital budget does not reflect debt service payments supported by Federal Highway Administration funds or gas tax. This corrects the prior practice of double-counting this expense.

- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$487.5 million of general obligation bond debt issuances. This includes \$250.0 million from new general obligation bonds for a second school construction bond to go before the voters in November 2022 with funding programmed to begin in FY 2024. The original \$250.0 million bond is programmed at \$50.0 million annually through FY 2023. The voters approved an initial \$250.0 million in November 2018 for school construction. The average bond referenda over the past five elections was \$244.8 million and the voters approved \$367.3 million on the November 2018 ballot.

- **Other Debt Approvals.** The Governor recommends \$125.5 million to be approved by the 2019 Assembly under the Public Debt Management Act for three projects at the University. This includes \$51.5 million for the Memorial Student Union, \$2.1 million for the fraternity circle, and \$26.9 million for the Combined Health and Counseling Center. It also includes \$45.0 million for renovations to the Department of Correction’s High Security Center.
- **Financing.** Paying for the five-year outlays includes \$1,297.0 million from debt financing and \$4,024.2 million from current or pay-go sources. Pay-go represents 75.6 percent with debt funding being 24.4 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2024 by \$231.6 million from \$1,917.8 million to \$1,686.2 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.1 percent of personal income reported for FY 2018 to 2.3 percent in FY 2024 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$658.5 million. The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor nearly a month earlier, primarily because the budget overstated the available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor’s recommendation to her priorities given available resources and includes \$6.5 million less for FY 2019 and \$20.5 million less for FY 2020.



**Outlays and Funding**

In order to support the maintenance, repair and construction of infrastructure throughout Rhode Island, the state has utilized both funding and financing for infrastructure. Funding can be considered as “pay-go”, which means that annual budgets include sufficient appropriations for projects to continue on schedule,

without incurring long term debt. For Rhode Island, this is accomplished primarily through the Rhode Island Capital Plan Fund, which is described in greater detail elsewhere in this report.

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

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

Revenue bonds are not backed by the full faith and credit of the state, and debt service is paid from a defined revenue stream, such as a user fee. This type of debt has historically been used by quasi-state agencies to fund long-term infrastructure projects. For example, the Turnpike and Bridge Authority uses toll revenue to fund the maintenance of the Newport Pell Bridge. Compared to pay-go funding, financing does not require large up-front investments in order to complete large projects; however, by the time the financing has been completed, issuance and interest costs can significantly add to a project's total cost, and may also require payments long after a facility has been constructed.

The total five-year outlays of \$5,321.2 million are supported by a mix of pay-as-you-go funding and financing. Over three-quarters, 75.6 percent of outlays, are supported by current revenues, or pay-go, with the remaining 24.4 percent from financing.

**Pay-Go.** The pay-go sources include \$1,651.9 million from federal sources, \$658.5 million from Rhode Island Capital Plan funds, and \$1,717.3 million from private and other sources. Private and other sources are the largest source of capital funding, providing 32.3 percent of all funding and 42.7 percent of pay-go funding. Prior to this budget, federal funds had been largest source; they are the second largest source and would provide 31.0 percent of all funding, and 41.0 percent of pay-go funding.

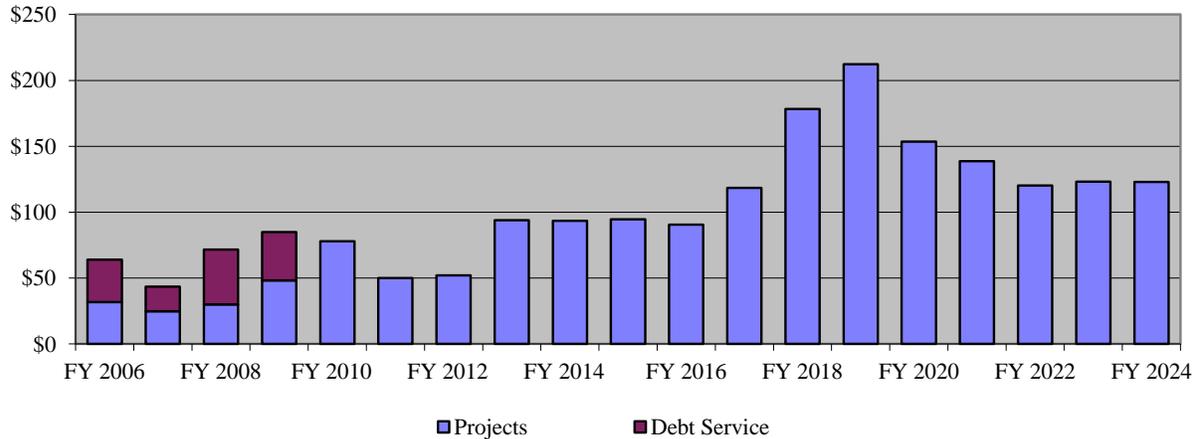
A primary source of state pay-go funding is the Rhode Island Capital Plan Fund. These revenues are derived from the amounts exceeding 2.0 to 5.0 percent of revenues in the state's Budget Stabilization and Cash Reserve Account, or "rainy day fund." The rainy day fund received 2.0 percent of all revenues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

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

With the transition to the 5.0 percent cap complete, resources in the Rhode Island Capital Plan Fund have grown and begun to fulfill the purpose of lowering borrowing needs. An example of this is the annual \$27.2 million that is being used in lieu of borrowing to match federal transportation funds. Approximately \$100 million is transferred to this fund annually and programmed for use through the five-year capital plan. In addition to the transportation uses noted above, another primary use of the fund is for asset protection and

other projects at the state’s public higher education institutions. These account for about one half of the use of the fund. The remaining half is used for the asset protection and improvements for state buildings, including courts, prisons, hospitals and other state facilities such as dams, piers, parks and office buildings. Many of these ongoing investments are designed to extend the life of the facilities and prevent the need for costly replacements.

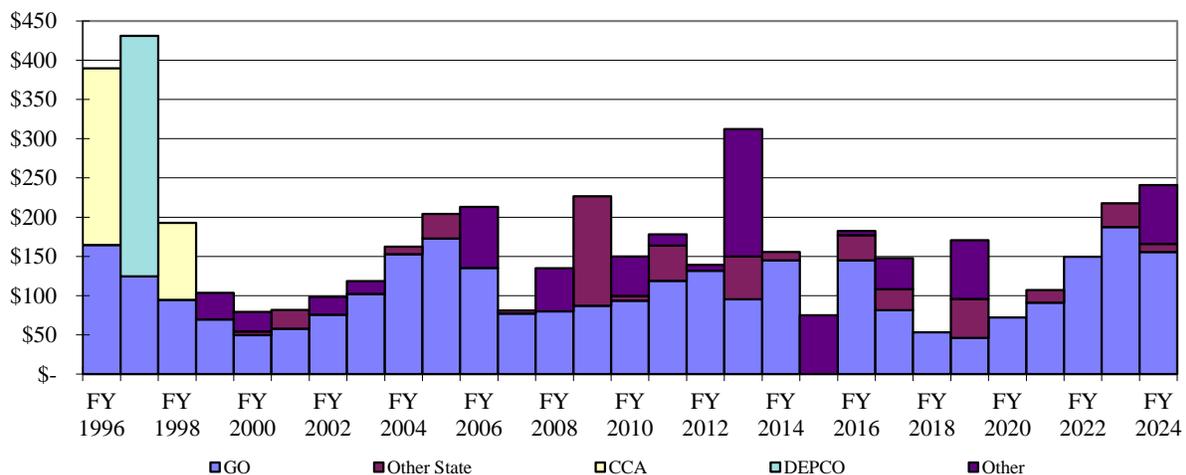
**Use of Rhode Island Capital Fund**



The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor nearly a month earlier, primarily because the budget overstated the available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor’s recommendation to her priorities given available resources and includes \$6.5 million less for FY 2019 and \$20.5 million less for FY 2020.

**Debt Financing.** Proceeds from financing \$1,297.0 million, constitute 24.4 percent of the funds available for outlays during the period. Tax supported financing comprises \$605.9 million, including \$487.5 million from general obligation bonds and \$66.5 million from Certificates of Participation. Outlays from tax supported financing are 46.7 percent of the financed outlays and 11.4 percent of all outlays. Other non-tax supported financing supports \$691.1 million of outlays, or 13.0 percent. It includes debt such as \$140.1 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by University and College funds.

**Debt Issues**



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

Debt issued by the Colleges and University through the Rhode Island Health and Educational Building Corporation is also not included. The five-year budget includes expenditures of \$140.1 million from these bonds. It should be noted that it is the total charges to students that are used in tuition and fee comparisons to other institutions. Any tuition and fees used for debt service are not available for general operating expenses. This forms the context for general revenue requests by the Board of Education. Further, in the event of insufficient University and College revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over assets financed.

The table below shows debt service for Higher Education, funded from general revenues and tuition and fees from FY 2008 through the FY 2020 recommended budget. General obligation debt is funded solely from general revenues. For debt issued for projects funded through the Rhode Island Health and Educational Building Corporation, debt service is paid from both general revenues and tuition and fees. As the table shows, debt service costs more than doubled in the period from FY 2008 to FY 2014. It drops in FY 2015 and FY 2016 before increasing to \$27.0 million in FY 2017. It would increase almost 80 percent between FY 2017 and FY 2020 based on the Governor’s FY 2020 recommended budget.

The FY 2016 budget included savings of \$14.6 million and the FY 2017 budget includes savings of \$7.6 million from the refinancing of general obligation bond debt.

Unrestricted Debt Service					
	URI	RIC	CCRI	Total	
FY 2008	\$ 10,437,786	\$ 3,192,316	\$ 1,381,264	\$ 15,011,366	
FY 2009	\$ 12,590,080	\$ 3,278,968	\$ 1,504,159	\$ 17,373,207	
FY 2010	\$ 16,969,110	\$ 2,024,109	\$ 1,414,364	\$ 20,407,583	
FY 2011	\$ 15,006,727	\$ 3,552,373	\$ 1,585,869	\$ 20,144,969	
FY 2012	\$ 19,334,834	\$ 4,656,198	\$ 2,233,761	\$ 26,224,793	
FY 2013	\$ 25,321,543	\$ 5,679,879	\$ 3,248,295	\$ 34,249,717	
FY 2014	\$ 25,800,709	\$ 6,024,206	\$ 2,645,586	\$ 34,470,501	
FY 2015	\$ 23,992,610	\$ 4,424,086	\$ 2,720,253	\$ 31,136,949	
FY 2016	\$ 13,251,194	\$ 2,408,090	\$ 1,341,228	\$ 17,000,512	
FY 2017	\$ 20,880,779	\$ 3,641,528	\$ 2,450,444	\$ 26,972,751	
FY 2018	\$ 27,655,388	\$ 7,661,625	\$ 2,887,674	\$ 38,204,687	
FY 2019 Revised	\$ 34,883,344	\$ 7,916,082	\$ 2,707,905	\$ 45,507,331	
FY 2020 Recommended	\$ 37,555,600	\$ 7,696,426	\$ 2,703,342	\$ 47,955,368	

**38 Studios.** In 2010, the Economic Development Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program. Of the loan amount, \$12.7 million was held in a capital reserve account and \$10.6 million was held on a capitalized interest account; 38 Studios defaulted on the loan after paying \$1.125 million of guaranty fees. The Corporation used the \$10.6 million to cover interest-only debt service from FY 2011 through FY 2013. The debt service payments are accounted for in the Capital Budget along with all other debt obligations. Outstanding debt service payments of \$13.8 million for 38 Studios are due through FY 2021, as summarized in the following table.

	<b>Total Owed</b>	<b>Reserve and Settlement Funds</b>	<b>General Revenues</b>
FY 2014	\$ 12,526,213	\$ (10,095,206)	\$ 2,431,006
FY 2015	12,511,463	(3,876,463)	8,635,000
FY 2016	12,499,113	-	12,499,113
FY 2017	12,449,288	(12,449,288)	-
FY 2018	12,378,881	(12,378,881)	-
FY 2019	12,352,638	(12,352,638)	-
FY 2020	12,322,300	(10,794,332)	1,527,968
FY 2021	12,288,413	-	12,288,413
<b>Total</b>	<b>\$ 99,328,309</b>	<b>\$ (61,946,808)</b>	<b>\$ 37,381,500</b>

### New Debt Authorizations

The Governor's budget includes \$125.5 million of new debt authority that requires approval by the General Assembly under the Public Debt Management Act. Of this amount, \$80.5 million would be derived from revenue bonds for the University of Rhode Island and \$45.0 million would be issued through Certificates of Participation for renovations to the Department of Corrections' High Security Center.

<b>Governor's Recommended New Debt Authority</b>	<b>Amount</b>	<b>Legislation</b>
<b>Revenue Bonds</b>		
University of Rhode Island		
<i>Memorial Union</i>	\$ 51,500,000	Article 6
<i>Fraternity Circle Master Plan Implementation</i>	2,100,000	Article 6
<i>Combined Health &amp; Counseling Center</i>	26,900,000	Article 6
<b>Subtotal</b>	<b>\$ 80,500,000</b>	
<b>Other Debt Instruments</b>		
<b>Certificates of Participation</b>		
High Security Center	\$ 45,000,000	Article 6
<b>Subtotal</b>	<b>\$ 45,000,000</b>	
<b>Total New Debt Authorization Recommended</b>	<b>\$ 125,500,000</b>	

The Public Debt Management Act requires that all new debt authorizations be approved by the Assembly unless the Governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or the General Assembly has adjourned for the year with the expectation that it will not meet again until the following year and the Governor certifies that action is necessary, because of events occurring after the General Assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services, or to maintain the credit worthiness of the state in the financial markets. Select quasi-public agencies are exempt. The 2009 Assembly rescinded the exception previously granted to the Rhode Island Resource Recovery Corporation. The previous table shows the \$125.5 million of recommended new debt authority requiring action by the 2019 General Assembly. It is followed by descriptions of the projects which would be funded by the new debt.

*URI Memorial Student Union.* The Governor's budget includes authorization for Assembly approval of \$51.5 million from revenue bonds for the renovation and expansion of the Memorial Student Union. Annual debt service would be \$3.8 million, assuming 6.0 percent interest and a 30-year term supported by student fees and retail lease payments from tenants occupying the Union. Total debt service would be \$112.3 million.

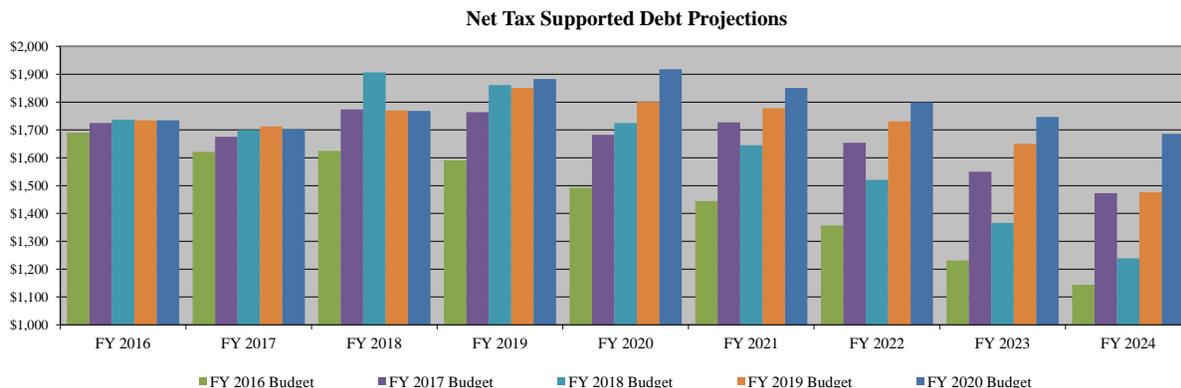
*URI Fraternity Circle Master Plan Implementation.* The Governor’s budget includes authorization for Assembly approval of \$2.1 million from revenue bonds for improvements to the fraternity and sorority houses in Fraternity Circle on the Kingston Campus. Improvements would include pedestrian walkways, site lighting and recreational amenities. Annual debt service would be \$0.2 million, assuming 6.0 percent interest and a 20-year term supported by general revenues, and tuition and fees. Total debt service would be \$3.7 million.

*URI Combined Health and Counseling Center.* The Governor’s budget includes authorization for Assembly approval of \$26.9 million from revenue bonds for the construction of a new Combined Health and Counseling Center. The new center would provide one centralized location for physical, mental and emotional health needs. Annual debt service would be \$2.0 million, assuming 6.0 percent interest and a 30-year term supported by student fees. Total debt service would be \$58.7 million.

*High Security Renovations.* The Governor’s budget includes authorization for Assembly approval of \$45.0 million through Certificates of Participation for renovations to the Department of Corrections’ High Security Center. The authorization describes a \$60.0 million project that identifies \$15.0 million as coming from Rhode Island Capital Plan funds, though there is no specific enumeration of that support in the budget. In fact, there is a single asset protection project for the whole Department. Annual debt service would be \$4.3 million assuming 5.0 percent interest and a 15-year term supported by general revenues. Total debt service would be \$66.2 million. The Governor’s FY 2020 budget includes savings of \$5.1 million by moving 50 inmates to out-of-state facilities and 36 inmates to buildings with lower security classifications within the Department of Corrections and transferring High Security staff among those other buildings which would reduce overtime costs.

### Debt Levels

Total net tax supported debt decreases during the period through FY 2024 by \$325.2 million from \$1,917.8 million to \$1,686.2 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state’s tobacco master settlement agreement to defease general obligation bond debt in FY 2002.

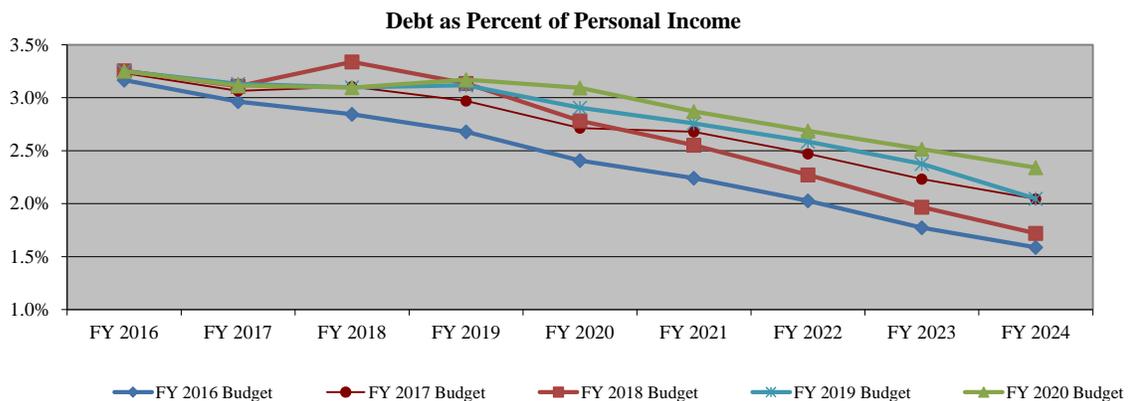


Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. In a departure from the Governor’s past several recommendations, which contained no new out-year referenda, the budget assumes a \$250.0 million referendum will go before the voters in November 2022 for a second school construction bond. The average bond referenda over the past five elections was \$244.8 million and the voters approved \$367.3 million on the November 2018 ballot. The FY 2021 debt projection presented in the FY 2020 capital budget is \$123.5 million or 8.5 percent more than the FY 2021 projection in the FY 2017 capital budget.

Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state’s wealth, and therefore its potential ability to service its debt. Net tax supported debt would decrease from 3.1 percent in FY 2018 to 2.3 percent in FY 2024 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income. The current and prior administrations have expressed the reduction of that ratio as a major capital policy goal. The FY 2017 level of 3.1 percent is the lowest amount since staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization.

However, as with debt levels, past practices indicate it is likely to be higher than projected. The chart below shows projected debt as a percent of personal income for FY 2016 through FY 2024 in the past five budgets. The FY 2016 budget projected FY 2021 debt at 2.2 percent of personal income, which is 70 basis points lower than the 2.9 percent projected in the FY 2020 budget. The projections assume that the debt levels do not increase in subsequent budgets.

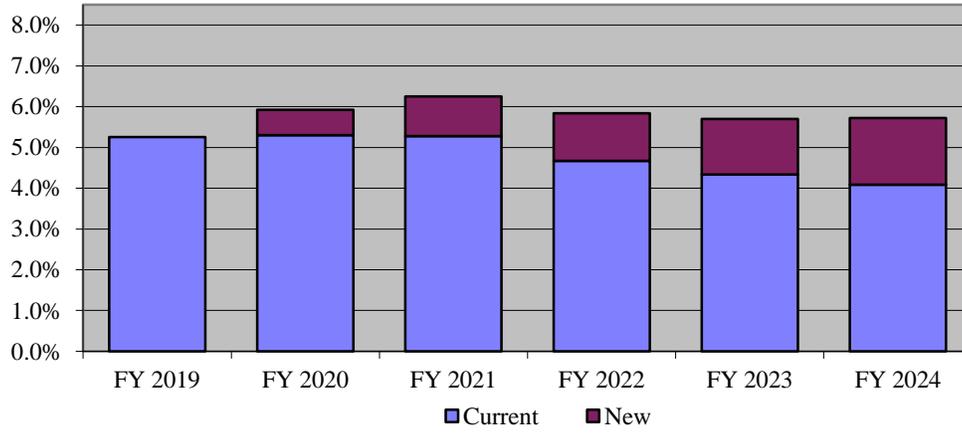


### Debt Service

Useable general revenues are estimated collections net of the transfers to the Budget Stabilization and Cash Reserve account. These transfers ultimately become Rhode Island Capital Plan funds and cannot be used for debt service. The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. The proportion of net tax supported debt to useable general revenues provides a snapshot of how the state is leveraging its debt compared to available resources eligible to pay off that debt.

For FY 2017 and FY 2018, debt service as a percent of general revenues was 5.3 percent and 5.5 percent, respectively. Debt service in the recommended capital budget would increase from 5.3 percent of useable general revenues in FY 2019 to 6.3 percent in FY 2021 before decreasing to 5.8 percent in FY 2022 and to 5.7 percent in FY 2023.

### Net Debt Service as Percent of Useable General Revenues





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**FY 2019**  
**Revised Budget**

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## FY 2019 Revised Budget

	FY 2018 Reported	FY 2019 Enacted	FY 2019 Rev. Req.	FY 2019 Revised
<b>Expenditures by Function*</b>				
General Government	\$ 1,429.3	\$ 1,534.3	\$ 1,577.3	\$ 1,583.3
Human Services	3,934.3	4,068.1	4,191.6	4,175.6
Education	2,559.3	2,658.9	2,670.6	2,674.2
Public Safety	570.2	605.3	638.6	636.0
Natural Resources	85.7	115.2	107.1	107.3
Transportation	453.5	591.0	652.4	632.4
<b>Total</b>	<b>\$ 9,032.2</b>	<b>\$ 9,572.7</b>	<b>\$ 9,837.6</b>	<b>\$ 9,808.8</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,661.1	\$ 1,762.3	\$ 1,763.0	\$ 1,763.3
Contracted Services	319.4	280.3	379.7	366.4
<b>Subtotal</b>	<b>\$ 1,980.4</b>	<b>\$ 2,042.6</b>	<b>\$ 2,142.6</b>	<b>\$ 2,129.8</b>
Other State Operations	876.7	957.3	993.4	1,010.4
Aid to Local Units of Government	1,294.5	1,371.2	1,366.6	1,367.5
Assistance, Grants, and Benefits	4,062.8	4,259.7	4,287.1	4,285.3
Capital	311.0	446.7	548.4	524.0
Capital Debt Service	212.5	241.0	241.5	230.1
Operating Transfers	294.4	254.3	258.0	261.7
<b>Total</b>	<b>\$ 9,032.2</b>	<b>\$ 9,572.7</b>	<b>\$ 9,837.6</b>	<b>\$ 9,808.8</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 3,798.7	\$ 3,908.2	\$ 3,951.8	\$ 3,947.1
Federal Aid	2,996.5	3,208.2	3,323.6	3,339.6
Restricted Receipts	258.6	281.8	302.9	294.3
Other	1,978.5	2,174.5	2,259.4	2,227.8
<b>Total</b>	<b>\$ 9,032.2</b>	<b>\$ 9,572.7</b>	<b>\$ 9,837.6</b>	<b>\$ 9,808.8</b>
<b>FTE Authorization</b>	<b>15,187.2</b>	<b>15,209.7</b>	<b>15,158.5</b>	<b>15,230.7</b>
<b>FTE Average</b>	<b>13,913.2</b>			

\*Data in millions

### Summary

The Governor's revised budget recommendations for FY 2019 are contained in 2019-H 5150, introduced on January 17, 2019. The Governor recommends total revised expenditures for FY 2019 of \$9,808.8 million, which is \$236.0 million or 2.5 percent more than enacted by the 2018 Assembly.

Total expenditures would increase \$776.5 million or 8.6 percent over reported FY 2018 expenditures. General revenue expenditures are \$38.8 million or 1.0 percent more than the FY 2019 budget adopted by the 2018 Assembly and \$148.4 million or 3.9 percent more than actual FY 2018 expenditures. Expenditures from federal funds are \$131.4 million more than enacted and \$343.1 million more than FY 2018.

Expenditures from restricted receipts are \$12.5 million more than enacted and \$35.8 million more than FY 2018. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$53.2 million or 2.4 percent more than enacted and \$249.3 million more than FY 2018.

<b>FY 2019 Revised</b>	<b>General</b>				
	<b>Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2018 Final	\$ 3,832.0	\$ 3,231.3	\$ 277.6	\$ 2,124.1	\$ 9,465.0
FY 2018 Actual	3,798.7	2,996.5	258.6	1,978.5	9,032.2
Difference	\$ (33.3)	\$ (234.9)	\$ (19.0)	\$ (145.6)	\$ (432.8)
FY 2019 Enacted	\$ 3,908.2	\$ 3,208.2	\$ 281.8	\$ 2,174.5	\$ 9,572.7
Governor's FY 2019 Revised	3,947.1	3,339.6	294.3	2,227.8	9,808.8
Governor's Change to Enacted	\$ 38.8	\$ 131.4	\$ 12.5	\$ 53.2	\$ 236.0
Percent Change	1.0%	4.1%	4.4%	2.4%	2.5%

The FY 2018 final budget projected \$31.3 million would be available for FY 2019 and was used for that budget. The State Controller finalized the closing statement on January 7, 2019, and it showed a surplus of \$52.5 million, or \$21.3 million more.

<b>FY 2018 Closing</b>	<b>Enacted</b>	<b>Final</b>	<b>Variance</b>
<b>Open:</b> Free Surplus	\$ 61,660,230	\$ 61,660,230	\$ -
<b>Plus:</b> Reappropriated Surplus	10,338,899	10,338,899	-
<b>Equals:</b> Total Surplus	\$ 71,999,129	\$ 71,999,129	\$ -
<b>Plus:</b> Revenues	3,910,463,132	3,908,384,435	(2,078,697)
<b>Minus:</b> Transfer to Budget Stabilization Fund	(119,163,701)	(119,101,340)	62,361
<b>Equals:</b> Total Available	\$ 3,863,298,560	\$ 3,861,282,224	\$ (2,016,336)
<b>Minus:</b> Expenditures	(3,832,033,782)	(3,798,699,436)	33,334,346
<b>Equals: Closing Surplus</b>	<b>\$ 31,264,778</b>	<b>\$ 62,582,788</b>	<b>\$ 31,318,010</b>
<b>Minus:</b> Reappropriations	-	(10,057,409)	(10,057,409)
<b>Equals: Free Surplus</b>	<b>\$ 31,264,778</b>	<b>\$ 52,525,379</b>	<b>\$ 21,260,601</b>

Reported revenues from personal income, the largest component of state revenues were \$11.9 million or 0.9 percent less than estimated. Refunds and estimated filings both contributed to the shortfall missing the estimate by 2.9 and 3.3 percent, respectively. Stronger final payments and withholding helped mitigate those misses as did the adjustment for the accrual of receipts between fiscal years.

The next largest shortfall was in business corporation taxes which missed the estimate by \$11.8 million, or 8.5 percent. Estimators continue to struggle with estimating these receipts which are quite volatile. Receipts from other business taxes exceeded estimates by \$14.0 million or 4.6 percent. Sales taxes, the second largest source of state revenues, were \$5.7 million above the estimate, or 0.5 percent. Tobacco taxes exceeded estimates by \$3.8 million, or 2.6 percent. Lottery revenues were \$0.4 million above estimates, or 0.1 percent.

Expenditures from all sources were \$432.8 million less than enacted, or 4.6 percent. General revenue expenditures were \$33.3 million less. Federal fund expenditures and expenditures from restricted receipt accounts were \$234.9 million and \$19.0 million less, respectively. Expenditures from other sources were \$145.6 million less than the enacted budget.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending, particularly at the Department of Children, Youth and Families and the Department of Labor and Training, that reduced the impact of the savings. Many agencies projected overspending in the first quarter of FY 2019, some of which related to

overspending in FY 2018 and some related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies. There was also increased expenses related to unbudgeted policy choices.

The Governor's revised budget lowers those first quarter projections primarily through unexpected debt service savings and expenditure shifts to other sources. Other changes include initiatives to lower costs in human services agencies and savings from an adjustment to employee benefit costs statewide. Her budget also relies on \$16.4 million in new revenues, primarily transfers from quasi-public corporations. The pages that follow include full analyses of the expenditure changes by agency.

	<b>Enacted</b>	<b>Revised</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 31,264,778	\$ 52,525,379	\$ 21,260,601
Reappropriated Surplus	-	10,057,409	10,057,409
<b>Subtotal</b>	<b>\$ 31,264,778</b>	<b>\$ 62,582,788</b>	<b>\$ 31,318,010</b>
<b>Revenues</b>			
November Revenue Conference	-	(5,385,298)	(272,143,308)
Governor Changes	266,758,010	16,172,171	(33,955,117)
Assembly Changes	50,127,288	-	(50,127,288)
Total Revenues	\$ 3,998,485,298	\$ 4,009,272,171	\$ 10,786,873
<b>Budget Reserve Fund</b>	<b>(120,892,502)</b>	<b>(121,853,926)</b>	<b>(961,424)</b>
<b>Total Available Resources</b>	<b>\$ 3,908,857,574</b>	<b>\$ 3,950,001,033</b>	<b>\$ 41,143,459</b>
<b>Expenditures</b>			
Reappropriation	-	10,057,409	10,057,409
November Caseload Conference	-	11,732,740	11,732,740
Governor Changes	-	17,055,043	17,055,043
Total Expenditures	\$ 3,908,207,061	\$ 3,947,052,253	\$ 38,845,192
<b>Total Surplus</b>	<b>\$ 650,513</b>	<b>\$ 2,948,780</b>	<b>\$ 2,298,267</b>
<b>Rainy Day Fund</b>	<b>201,487,504</b>	<b>203,089,877</b>	<b>1,602,374</b>
<i>Operating Surplus/(Deficit)</i>	<i>\$ (120,241,989)</i>	<i>\$ (118,905,146)</i>	<i>\$ 1,336,843</i>

The revised budget as recommended by the Governor would leave a \$2.3 million surplus for use in FY 2020. The general revenue surplus statement for FY 2020 shows an ending surplus of \$0.7 million and is presented as part of the overview of her FY 2020 budget recommendations in that section of this publication.



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# **Special Reports**

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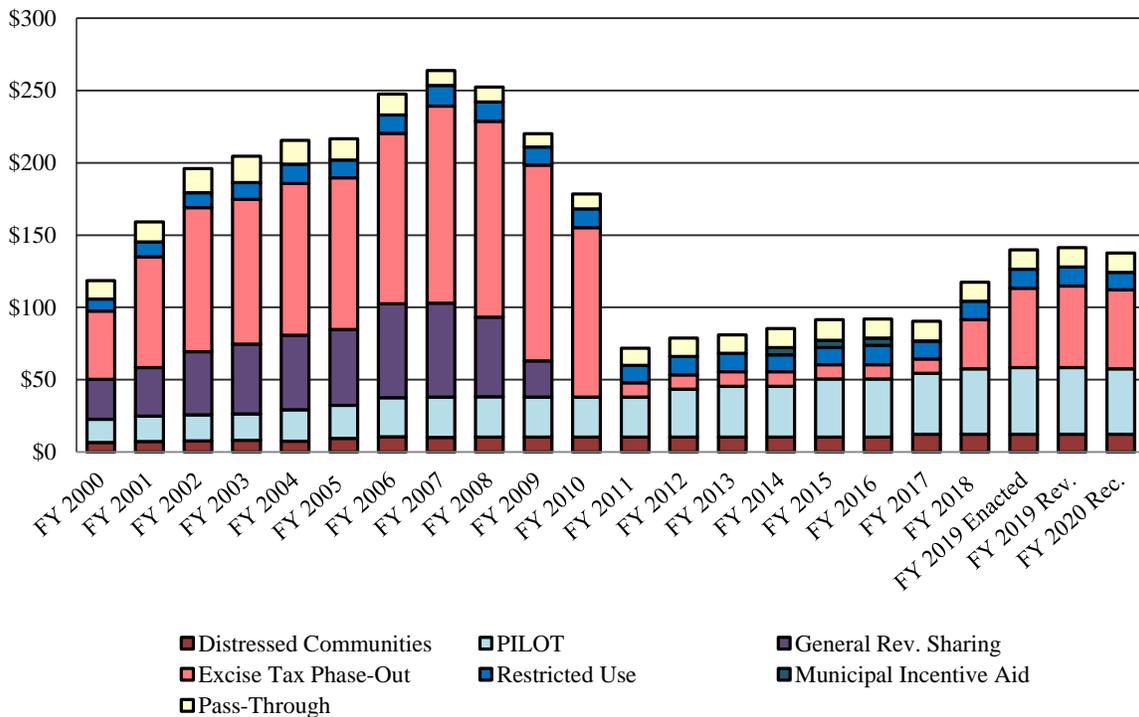


# State Aid to Local Governments

## Introduction

The Governor recommends state aid to cities and towns totaling \$128.0 million for FY 2019 and \$143.2 million for FY 2020. Revised funding for general aid programs in FY 2019 includes \$114.8 million, which is \$1.5 million more than enacted. Funding for general aid programs in FY 2020 totals \$131.2 million, \$18.0 million more than enacted. The recommendation for restricted use programs includes the enacted level of \$13.2 million for FY 2019 and \$12.0 million for FY 2020. Local communities will also receive \$13.3 million each year in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions and includes the allocation by program from FY 2000 through the Governor’s recommendation for FY 2020.



The major changes included in the Governor’s aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid and restricted aid programs by community. Though not a state aid program, there are also tables for the public service corporations’ tax collections, a local levy collected at the state level for efficiency purposes and returned to local governments. It should be noted that the FY 2020 recommendation for the Motor Vehicle Excise Tax phase-out will require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

**General.** The Governor recommends \$114.8 million for FY 2019 and \$131.2 million for FY 2020 for general state aid programs to local governments.

Fiscal Year	2000	2005	2010	2015	2019 Enacted	2019 Gov. Rev.	Rev. Diff.	2020 Gov. Rec.	Rec. Diff.
<b>General Aid - State Sources</b>									
Distressed Communities	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ -	\$ 12.4	\$ -
PILOT	16.1	22.7	27.6	40.1	46.1	46.1	-	40.8	(5.3)
Excise Tax Phase-Out	47.3	105.0	117.2	10.0	54.7	56.3	1.5	78.0	23.2
Municipal Incentive Aid	-	-	-	5.0	-	-	-	-	-
General Rev. Sharing	27.6	52.4	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>\$ 97.5</b>	<b>\$ 189.7</b>	<b>\$ 155.1</b>	<b>\$ 65.5</b>	<b>\$ 113.2</b>	<b>\$ 114.8</b>	<b>\$ 1.5</b>	<b>\$ 131.2</b>	<b>\$ 18.0</b>
<b>Restricted Use Aid - State Sources</b>									
Library Resource Aid	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.4	\$ 9.4	\$ -	\$ 9.4	\$ -
Library Const. Aid	1.6	2.5	2.6	2.3	2.2	2.2	-	1.9	(0.2)
Police & Fire Incentive	0.9	1.1	-	-	-	-	-	-	-
Prop. Val. Reimb.	0.0	0.6	1.6	0.7	1.6	1.6	-	0.7	(0.9)
Oversight Reimbursement	-	-	-	0.1	0.1	0.1	-	0.1	(0.0)
<b>Subtotal</b>	<b>\$ 8.2</b>	<b>\$ 12.3</b>	<b>\$ 13.0</b>	<b>\$ 11.9</b>	<b>\$ 13.2</b>	<b>\$ 13.2</b>	<b>\$ -</b>	<b>\$ 12.0</b>	<b>\$ (1.2)</b>
<b>Total - State Sources</b>	<b>\$ 105.7</b>	<b>\$ 202.0</b>	<b>\$ 168.2</b>	<b>\$ 77.4</b>	<b>\$ 126.4</b>	<b>\$ 128.0</b>	<b>\$ 1.5</b>	<b>\$ 143.2</b>	<b>\$ 16.8</b>
<b>Other Aid - Pass-Through</b>									
<b>Public Service Corp.</b>	<b>\$ 12.8</b>	<b>\$ 14.6</b>	<b>\$ 10.2</b>	<b>\$ 14.3</b>	<b>\$ 13.3</b>	<b>\$ 13.3</b>	<b>\$ -</b>	<b>\$ 13.3</b>	<b>-</b>

\$ In millions

- **Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects the exclusion of Johnston as a distressed community for FY 2020. For both the first year of a community's qualification as a distressed community and the year that a community no longer qualifies, it receives a transition payment of half its proportional share.

- **Payment in Lieu of Taxes Program.** The Governor recommends \$40.8 million for FY 2020 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The enacted budget provides full funding with reimbursements totaling \$46.1 million. The FY 2020 recommendation is \$6.0 million less than full funding based on updated data and \$5.3 million less than the enacted budget. The proposed reimbursement rate is 23.6 percent.

The Governor's budget includes legislation to provide that portions of non-profit higher education and hospital properties which are not used exclusively for educational or hospital activities, are not exempt from taxation. This creates the possibility of new future tax revenues in some cases for some communities.

- **Motor Vehicle Excise Tax Phase-Out.** The Governor's budget funds the Motor Vehicle Excise Tax Phase-Out program at \$78.0 million for FY 2020. This is \$23.2 million more than enacted for FY 2019, but \$16.3 million less than estimated need under current law. For FY 2019, it includes \$56.3 million, \$1.5 million more based on updated data. The 2017 Assembly restarted the phase-out, which had been frozen for several years. For FY 2020, the changes include lowering the rate cap by \$15 to \$35, lowering the assessed value from 90.0 percent to 85.0 percent, and raising the minimum exemption to \$3,000 per year. As of FY 2018, cars older than 15 years old are no longer taxed. The tax is eliminated as of FY 2024.

The Governor's budget includes legislation to complete the phase-out a different way with more of the cost shifted to later years. It lowers the rate cap to \$40, lowers the assessed value to 87.5 percent, and raises the minimum exemption to \$2,800. The tax would still be gone by FY 2024.

- ***Municipal Incentive Aid.*** FY 2016 was the final year of funding; however, the Town of Johnston was not in compliance and its funding was reappropriated to FY 2017; as Johnston remained ineligible, its share was redistributed amongst the other communities. The program has not been funded since.
- ***Library Resource Sharing Aid.*** The Governor recommends the enacted amount of \$9.4 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 21.6 percent.
- ***Library Construction Aid.*** The Governor provides \$1.9 million, or \$0.2 million less than the enacted level, to fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Governor recommends \$1.6 million for FY 2019 and \$0.7 million for FY 2020 to reimburse communities conducting property valuation updates.
- ***Oversight Reimbursement.*** The Governor recommends \$50,697 for FY 2020 to provide reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight. This is \$16,899 less than enacted for FY 2019 and reflects the anticipated end of oversight for Woonsocket in March 2020.
- ***Public Service Corporation Tax.*** The FY 2020 budget assumes the state will collect and distribute the enacted level of \$13.3 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2019 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year.

### State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: distressed communities relief, payments in lieu of taxes, and motor vehicle excise tax phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

*Restricted use* aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service, including library aid. The largest source of restricted aid is education aid, not included here. This information is shown separately in the Education Aid report in this publication.

*Pass-through aid* in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments.

## General State Aid

**Distressed Communities Relief Program.** The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers.

Rankings	Central Falls	Cranston	East Providence	Johnston	North Providence	Pawtucket	Providence	West Warwick	Woonsocket
FY 2017									
Levy/Full Value	3	8	9	6	5	7	2	4	1
Per Capita Income 2014	1	8	6	10	7	2	4	5	3
Personal Income/Full Value	1	13	15	11	5	4	7	2	3
Full Value Per Capita	1	8	7	9	6	3	4	5	2
Qualifying Rankings	4	3	2	1	4	4	4	4	4
FY 2018									
Levy/Full Value	2	8	9	4	6	7	3	5	1
Per Capita Income 2015	1	7	6	11	9	2	4	5	3
Personal Income/Full Value	1	16	18	6	3	4	12	5	2
Full Value Per Capita	1	11	8	7	6	3	4	5	2
Qualifying Rankings	4	2	2	3	3	4	3	4	4
FY 2019									
Levy/Full Value	2	7	11	5	4	8	3	6	1
Per Capita Income 2016	1	7	6	10	11	4	3	5	2
Personal Income/Full Value	1	10	22	8	3	4	15	6	2
Full Value Per Capita	1	7	9	8	6	3	4	5	2
Qualifying Rankings	4	3	1	3	3	4	3	4	4
FY 2020									
Levy/Full Value	3	5	13	7	6	8	2	4	1
Per Capita Income 2017	1	7	6	11	9	3	4	5	2
Personal Income/Full Value	1	9	19	14	4	3	11	6	2
Full Value Per Capita	1	7	8	11	6	3	4	5	2
Qualifying Rankings	4	3	2	1	3	4	3	4	4

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

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

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

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

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. Current law provides that if the

Assembly appropriates more than the enacted level for the program, distressed communities will receive shares, even if they are receiving a transition payment.

The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief program. Communities' aid distribution is based on updated qualifying tax levies.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification.

The enacted budget provided Johnston its first full payment in FY 2019. Johnston falls out of the program for FY 2020, and as such, the recommended budget provides it a 50.0 percent transition payment.

**Payment in Lieu of Taxes (PILOT).** This program reimburses cities and towns for property taxes, which would have been due on real property owned by private nonprofit higher educational institutions or nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state makes one payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The enacted budget provided reimbursements totaling \$46.1 million representing full funding. This recommendation is \$40.8 million, \$6.0 million less than full funding based on updated data and \$5.3 million less than the enacted amount. The proposed reimbursement rate is 23.6 percent.

The Governor's budget includes legislation to specify that portions of non-profit higher education and hospital properties which are not exclusively used for educational or hospital activities are not exempt from taxation; this includes vacant lots regardless of improvements. This creates the possibility of new future tax revenues in some cases for some communities. The legislation also provides that if an institution has made a voluntary payment to a municipality in lieu of taxation, its liability shall be reduced by that amount; or that municipalities are empowered to waive or reduce the amount levied pursuant to a payment in lieu of taxes. With the removal of tax exempt status of some properties, future payments under this aid program will be affected. The program only allows for aid on tax exempt properties, but uses data from prior years.

**Motor Vehicle Excise Tax Phase-Out.** The 1998 General Assembly enacted legislation to eliminate the motor vehicles excise tax over a period of seven years. The exemption is a reduction in the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions and local vehicle tax rates were frozen to the FY 1998 level. Annually, the state makes four quarterly payments to the communities in the months of August, November, February and May.

The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It had been funded at \$10.0 million until FY 2018. Municipalities could provide an additional exemption which was not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the value of a vehicle is higher than assessed in the prior fiscal year, and allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The 2017 Assembly enacted legislation to restart the phase-out. Over time, the law incrementally reduces the maximum tax rate levied and percentage of assessed value, while increasing the minimum exemption.

The legislation also exempts cars older than 15 years from taxation, a change from the prior exemption of 25 years. For FY 2020, the changes include lowering the rate cap by \$15 to \$35, lowering the assessed value from 90.0 percent to 85.0 percent, and raising the minimum exemption to \$3,000 per year. Cars older than 15 years old are no longer taxed. Under current law the tax is eliminated as of FY 2024.

The Governor’s budget includes legislation to complete the phase-out a different way. It lowers the rate cap to \$40, lowers the assessed value to 87.5 percent, and raises the minimum exemption to \$2,800. The tax would still be gone by FY 2024. The recommendation funds the Motor Vehicle Excise Tax Phase-Out program at \$78.0 million for FY 2020. This is \$23.2 million more than enacted for FY 2019, but \$16.3 million less than estimated under current law. For FY 2019, it includes \$56.3 million, \$1.5 million more based on updated data. Proposed changes by component are shown in the table below.

Fiscal Year	No Tax After Age	Current Law			2019-H 5151			Change to Current Law		
		% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor
2017	25	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500	-	\$ -	\$ -
2018	15	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000	-	\$ -	\$ -
2019	15	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000	-	\$ -	\$ -
2020	15	85.0%	\$ 35	\$ 3,000	87.5%	\$ 40	\$ 2,800	2.5%	\$ 5	\$ (200)
2021	15	80.0%	\$ 35	\$ 4,000	84.0%	\$ 35	\$ 3,800	4.0%	\$ -	\$ (200)
2022	15	75.0%	\$ 30	\$ 5,000	79.0%	\$ 30	\$ 4,800	4.0%	\$ -	\$ (200)
2023	15	70.0%	\$ 20	\$ 6,000	67.5%	\$ 25	\$ 6,000	-2.5%	\$ 5	\$ -
<b>2024</b>		<b>No Tax Levied</b>								

**Municipal Incentive Aid.** The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities was conceived as a three-year program. FY 2016 was the third and final year. For FY 2016, Johnston did not meet the funding requirements for eligibility and its payment was reappropriated to FY 2017. The final FY 2017 Budget included the reappropriated FY 2016 Johnston aid but as Johnston remained ineligible, its share was redistributed amongst the other communities in May 2017.

Aid was distributed on the basis of the most recent estimate of population of each municipality as a share of the total state population, as reported by the Bureau of the Census in the year the payment is made. Program payments were made in March of each year. If a municipality was not eligible to receive aid, its share may have been reappropriated to the following fiscal year. To receive the prior and current years’ share of aid, the municipality had to meet the funding requirements for both years.

**General Revenue Sharing.** Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. The FY 1999 budget began increasing the percentage of shared revenues as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. Legislation in 2005 and 2006 dedicated a portion of video lottery net terminal income, up to \$10.0 million, would be dedicated to the program for non-distressed communities. The 2009 Assembly adopted the Governor’s recommendation to subject the program to appropriation. It has not been funded since FY 2009.

### Restricted Use State Aid

**Library Resource Sharing Aid.** Current law requires the state to support local libraries via grants-in-aid at a level equivalent to 25.0 percent of the amount appropriated and expended from local tax revenues in the second prior fiscal year by the municipalities in which the libraries are located.

Aid remained relatively stable from FY 1991 through FY 1997. For FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the 25.0 percent program requirement by FY 2000. The state is also required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network. It should be noted that the 25.0 percent requirement also applies to institutional libraries; however, that funding is not shown in this report as local aid.

The 2003 Assembly amended the statute to include Providence Public Library endowment funding as part of the local effort; the annual amount of endowment funds that may be included is capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend this allowance to all libraries.

For FY 2009, the Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to library services funding of at least 80.0 percent of the previous fiscal year. The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

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

Included in this aid program is the library resources services grant, which is provided to the Providence Public Library to serve as the state's reference resource center. The program is intended to provide high-quality reference services to libraries and their patrons, including research area-specific databases, librarian-assisted research, and some tutoring services. It had historically been funded at \$1.0 million per year. The 2016 Assembly concurred with the Governor's recommendation to reduce the statewide library resource reference grant to \$0.7 million.

The Governor recommends the enacted amount of \$9.4 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 21.6 percent.

**Library Construction Aid.** State law establishes a library construction aid program, administered by the Office of Library and Information Services, which provides the authority to make grants-in-aid to a municipality or a free public library for construction of or capital improvements to any free public library to provide better services to the public.

The state grants-in-aid are limited to a maximum of 50.0 percent of total eligible costs, as determined by the Office of Library and Information Services. The grants are paid on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of a project. During the repayment period, the state share may include the costs of interest on the state share of the project costs if the municipality or free public library was required to borrow the state's share of the project costs.

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs ineligible for state funds include fundraising or public relations costs incurred by the municipality or the free library. In a case where the library is a component of local government, payments are made to the municipality. Payments are made directly to free public libraries.

Library construction aid is considered indirect aid. Payments are not necessarily made to a local government; some are made directly to free public libraries, and therefore cannot be considered traditional local aid. Additionally, funds are targeted for specific use and are not for general support of the local government or free library budget.

The 2011 Assembly adopted legislation to impose a three-year moratorium on the acceptance of applications for library construction aid projects through July 1, 2014. The Governor recommends \$1.9 million for FY 2020, \$0.2 million less than the enacted amount.

**State and Municipal Police Incentive Pay.** The Rhode Island General Laws establish the Municipal Police Incentive Pay program. The purpose is to provide financial compensation to members of the state, city and town police departments, sheriffs and deputy sheriffs, members of the Rhode Island marshals' unit, Rhode Island Capitol Police, park police and conservation officers of the Division of Enforcement in the Department of Environmental Management, and the state fire marshal and deputy fire marshals who have earned college credits in the field of police work.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. The Governor proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning credits associated with the program.

**Municipal Firefighters Incentive Pay.** Current law establishes a Municipal Firefighters Incentive Pay program. The purpose of this program is to provide financial compensation to members of the municipal fire departments and fire districts, the Cumberland Rescue Department and emergency service technicians of the Town of Lincoln who have furthered their education at the college level.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. The Governor proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily.

**Property Valuation Reimbursement.** Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the cost of the first update, not to exceed \$20 per parcel. Reimbursements for subsequent updates are 80.0 percent for the second statistical update and 60.0 percent for the third and all subsequent updates. A distressed community will receive 80.0 percent reimbursement for the second and all subsequent updates. The reimbursement is made upon receipt of bills for completion of the revaluation.

The Governor recommends \$1.6 million for FY 2019 and \$0.7 million for FY 2020, reflecting anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually and distributions for the last five fiscal years are shown in the following table.

<b>Fiscal Year</b>	<b>Expenditures</b>
2018	\$ 732,812
2017	\$ 446,302
2016	\$ 1,300,849
2015	\$ 681,508
2014	\$ 436,537

**Oversight Reimbursement.** Rhode Island General Law, Sections 45-9-10 and 45-9-10.1 require that the state reimburse 50.0 percent of the cost of an official to act as a financial advisor to municipalities no longer subject to state Fiscal Stability Act oversight. For FY 2019, the Governor recommends \$67,596 for full year reimbursements to Woonsocket, and a partial year reimbursement for East Providence. For FY 2020, the Governor recommends \$50,967. This is \$16,899 less than enacted for FY 2019 and represents partial year reimbursements to Woonsocket anticipated to exit oversight in March 2020.

### **Pass-Through Revenues**

**Public Service Corporation Tax.** The recommended budget assumes the state will collect \$13.3 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2019 when updated data is available. The 2009 Assembly adopted the Governor’s recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation under current law; however, it is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

By March 1 of each year, companies are required to declare the value of their tangible personal property to the Department of Revenue, which uses this data to calculate the taxes due from each company. The calculation is based on the average assessment ratios in the state and the average property tax rate. Funds are collected by the Department and distributed as prescribed in statute. The statewide average assessment ratio is the total gross statewide assessment divided by the total statewide value. The average property tax rate is calculated as the total statewide levy divided by the statewide net assessment. Funds collected by the state from this tax are distributed to cities and towns on the basis of the ratio of city or town population to the population of the state as a whole. It should be noted that while this category of state aid is displayed in the tables later in this report, the funds are not appropriated by the General Assembly.

### **Other Local Revenues**

**Meals and Beverage.** The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Collections for the last five fiscal years are shown in the following table.

<b>Fiscal Year</b>	<b>Total Collections</b>
2018	\$ 28,896,727
2017	\$ 26,337,072
2016	\$ 25,683,737
2015	\$ 23,901,840
2014	\$ 22,334,876

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

<b>Fiscal Year</b>	<b>Total Collections</b>
2018	\$ 5,070,279
2017	\$ 4,415,901
2016	\$ 4,057,884
2015	\$ 3,413,541
2014	\$ 3,138,100

For additional information, the tables at the end of this section show recent distribution from these sources.

## **Distribution by Community**

## General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.*</i>	<i>Revised Difference</i>
Barrington	\$ 659,347	\$ 841,884	\$ 893,647	\$ 51,763
Bristol	1,454,013	1,844,851	1,896,402	51,551
Burrillville	857,044	1,209,727	1,225,095	15,368
Central Falls	675,427	778,330	721,222	(57,108)
Charlestown	166,072	243,681	243,559	(122)
Coventry	947,921	1,448,240	1,513,027	64,787
Cranston	10,092,140	12,662,699	12,553,218	(109,481)
Cumberland	943,920	1,369,021	1,435,030	66,009
East Greenwich	745,513	1,040,604	1,095,921	55,317
East Providence	759,967	1,898,113	2,250,374	352,261
Exeter	368,648	534,739	564,536	29,797
Foster	339,582	468,246	439,626	(28,620)
Glocester	399,418	582,819	584,144	1,325
Hopkinton	312,823	439,028	440,403	1,375
Jamestown	72,189	99,177	104,445	5,268
Johnston	2,394,142	3,637,649	3,676,138	38,489
Lincoln	648,266	842,552	910,043	67,491
Little Compton	46,640	62,951	66,928	3,977
Middletown	229,034	296,803	297,982	1,179
Narragansett	203,128	277,376	303,733	26,357
Newport	1,668,559	1,793,359	1,813,586	20,227
New Shoreham	31,058	43,379	52,106	8,727
North Kingstown	637,651	821,119	733,454	(87,665)
North Providence	2,622,390	3,565,889	3,663,820	97,931
North Smithfield	634,700	970,239	965,888	(4,351)
Pawtucket	5,167,237	7,100,592	7,235,052	134,460
Portsmouth	302,409	376,198	361,091	(15,107)
Providence	45,035,963	50,625,447	50,766,420	140,973
Richmond	248,574	360,344	366,909	6,565
Scituate	237,174	325,391	285,902	(39,489)
Smithfield	1,572,460	1,835,094	1,738,081	(97,013)
South Kingstown	687,864	829,698	860,612	30,914
Tiverton	216,859	294,968	304,343	9,375
Warren	374,205	534,788	542,910	8,122
Warwick	4,784,408	5,554,815	5,951,041	396,226
Westerly	1,013,573	1,420,419	1,380,133	(40,286)
West Greenwich	209,706	311,443	283,021	(28,422)
West Warwick	1,702,064	2,145,263	2,249,768	104,505
Woonsocket	2,639,800	3,666,480	3,916,147	249,667
<b>Subtotal</b>	<b>\$ 92,101,889</b>	<b>\$ 113,153,415</b>	<b>\$ 114,685,755</b>	<b>\$ 1,532,340</b>
MV Phase Out - Fire Districts	32,369	69,496	70,714	1,218
<b>Total</b>	<b>\$ 92,134,258</b>	<b>\$ 113,222,910</b>	<b>\$ 114,756,469</b>	<b>\$ 1,533,559</b>

\*FY 2019 enacted MV figures reflect value of FY 2018 levy; the FY 2019 Gov. Rev. reflects updated data.

## General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.*</i>	<i>FY 2020 Rec. to Enacted</i>	<i>FY 2020 Rec. to FY 2019 Rev.</i>
Barrington	\$ 841,884	\$ 1,407,893	\$ 566,009	\$ 514,246
Bristol	1,844,851	2,091,192	246,341	194,790
Burrillville	1,209,727	1,507,392	297,665	282,297
Central Falls	778,330	1,112,461	334,131	391,239
Charlestown	243,681	296,996	53,315	53,437
Coventry	1,448,240	1,853,555	405,315	340,528
Cranston	12,662,699	15,496,053	2,833,354	2,942,835
Cumberland	1,369,021	1,753,921	384,900	318,891
East Greenwich	1,040,604	1,021,071	(19,533)	(74,850)
East Providence	1,898,113	3,283,774	1,385,661	1,033,400
Exeter	534,739	671,816	137,077	107,280
Foster	468,246	527,773	59,527	88,147
Glocester	582,819	709,347	126,528	125,203
Hopkinton	439,028	529,210	90,182	88,807
Jamestown	99,177	107,578	8,401	3,133
Johnston	3,637,649	3,940,546	302,897	264,408
Lincoln	842,552	929,616	87,064	19,573
Little Compton	62,951	68,672	5,721	1,744
Middletown	296,803	304,650	7,847	6,668
Narragansett	277,376	311,670	34,294	7,937
Newport	1,793,359	1,801,967	8,608	(11,619)
New Shoreham	43,379	59,257	15,878	7,151
North Kingstown	821,119	751,351	(69,768)	17,897
North Providence	3,565,889	4,510,495	944,606	846,675
North Smithfield	970,239	1,196,840	226,601	230,952
Pawtucket	7,100,592	10,172,033	3,071,441	2,936,981
Portsmouth	376,198	492,441	116,243	131,350
Providence	50,625,447	52,458,035	1,832,588	1,691,615
Richmond	360,344	442,459	82,115	75,550
Scituate	325,391	295,623	(29,768)	9,721
Smithfield	1,835,094	2,026,073	190,979	287,992
South Kingstown	829,698	852,791	23,093	(7,821)
Tiverton	294,968	312,900	17,932	8,557
Warren	534,788	658,021	123,233	115,111
Warwick	5,554,815	7,195,201	1,640,386	1,244,160
Westerly	1,420,419	1,744,589	324,170	364,456
West Greenwich	311,443	351,431	39,988	68,410
West Warwick	2,145,263	2,546,570	401,307	296,802
Woonsocket	3,666,480	5,309,347	1,642,867	1,393,200
<b>Subtotal</b>	<b>\$ 113,153,415</b>	<b>\$ 131,102,608</b>	<b>\$ 17,949,193</b>	<b>\$ 16,416,853</b>
MV Phase Out - Fire Districts	69,496	101,654	32,158	30,940
<b>Total</b>	<b>\$ 113,222,910</b>	<b>\$ 131,204,262</b>	<b>\$ 17,981,352</b>	<b>\$ 16,447,793</b>

\*FY 2019 enacted MV figures reflect value of FY 2018 levy; the FY 2020 Gov. Rec. reflects updated data.

### Distressed Communities Relief

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	225,398	217,757	217,757	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,341,001	1,233,378	1,233,378	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	601,333	1,065,944	1,065,944	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,030,137	1,000,937	1,000,937	-
North Smithfield	-	-	-	-
Pawtucket	1,539,903	1,507,940	1,507,940	-
Portsmouth	-	-	-	-
Providence	5,797,634	5,606,831	5,606,831	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	924,370	904,159	904,159	-
Woonsocket	924,681	847,512	847,512	-
<b>Total</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ -</b>

### Distressed Communities Relief

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.</i>	<i>FY 2020 Rec. to Enacted</i>	<i>FY 2020 Rec. to FY 2019 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	217,757	201,648	(16,109)	(16,109)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,233,378	2,547,805	1,314,427	1,314,427
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	1,065,944	532,972	(532,972)	(532,972)
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,000,937	914,169	(86,768)	(86,768)
North Smithfield	-	-	-	-
Pawtucket	1,507,940	1,400,733	(107,207)	(107,207)
Portsmouth	-	-	-	-
Providence	5,606,831	5,155,694	(451,137)	(451,137)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	904,159	859,102	(45,057)	(45,057)
Woonsocket	847,512	772,334	(75,178)	(75,178)
<b>Total</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ -</b>	<b>\$ -</b>

### Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 16,157	\$ 17,514	\$ 17,514	\$ -
Bristol	1,035,981	1,335,274	1,335,274	-
Burrillville	97,322	98,273	98,273	-
Central Falls	25,295	895	895	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,287,952	5,403,870	5,403,870	-
Cumberland	135	-	-	-
East Greenwich	459,869	659,856	659,856	-
East Providence	243,053	244,237	244,237	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,405,248	1,431,152	1,431,152	-
New Shoreham	-	-	-	-
North Kingstown	1,712	1,762	1,762	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	554,958	575,928	575,928	-
Portsmouth	-	-	-	-
Providence	33,303,459	33,497,659	33,497,659	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	718,669	763,295	763,295	-
South Kingstown	204,036	207,011	207,011	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,690,561	1,687,863	1,687,863	-
Westerly	161,199	164,915	164,915	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
<b>Total</b>	<b>\$ 45,205,606</b>	<b>\$ 46,089,504</b>	<b>\$ 46,089,504</b>	<b>\$ -</b>

### Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.</i>	<i>FY 2020 Rec. to Enacted</i>	<i>FY 2020 Rec. to FY 2019 Rev.</i>
Barrington	\$ 17,514	\$ 14,447	\$ (3,067)	\$ (3,067)
Bristol	1,335,274	1,330,772	(4,502)	(4,502)
Burrillville	98,273	88,867	(9,406)	(9,406)
Central Falls	895	687	(208)	(208)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,403,870	4,771,444	(632,426)	(632,426)
Cumberland	-	-	-	-
East Greenwich	659,856	572,247	(87,609)	(87,609)
East Providence	244,237	217,998	(26,239)	(26,239)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,431,152	1,408,819	(22,333)	(22,333)
New Shoreham	-	-	-	-
North Kingstown	1,762	1,006	(756)	(756)
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	575,928	513,532	(62,396)	(62,396)
Portsmouth	-	-	-	-
Providence	33,497,659	29,400,443	(4,097,216)	(4,097,216)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	763,295	666,009	(97,286)	(97,286)
South Kingstown	207,011	184,978	(22,033)	(22,033)
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,687,863	1,510,326	(177,537)	(177,537)
Westerly	164,915	148,835	(16,080)	(16,080)
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
<b>Total</b>	<b>\$ 46,089,504</b>	<b>\$ 40,830,409</b>	<b>\$ (5,259,094)</b>	<b>\$ (5,259,094)</b>

### Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.*</i>	<i>Revised Difference</i>
Barrington	\$ 643,190	\$ 824,370	\$ 876,133	\$ 51,763
Bristol	418,032	509,577	561,128	51,551
Burrillville	759,722	1,111,454	1,126,822	15,368
Central Falls	424,734	559,678	502,570	(57,108)
Charlestown	166,072	243,681	243,559	(122)
Coventry	947,921	1,448,240	1,513,027	64,787
Cranston	3,463,187	6,025,451	5,915,970	(109,481)
Cumberland	943,785	1,369,021	1,435,030	66,009
East Greenwich	285,644	380,748	436,065	55,317
East Providence	516,914	1,653,876	2,006,137	352,261
Exeter	368,648	534,739	564,536	29,797
Foster	339,582	468,246	439,626	(28,620)
Glocester	399,418	582,819	584,144	1,325
Hopkinton	312,823	439,028	440,403	1,375
Jamestown	72,189	99,177	104,445	5,268
Johnston	1,792,809	2,571,705	2,610,194	38,489
Lincoln	648,266	842,552	910,043	67,491
Little Compton	46,640	62,951	66,928	3,977
Middletown	229,034	296,803	297,982	1,179
Narragansett	203,128	277,376	303,733	26,357
Newport	263,311	362,207	382,434	20,227
New Shoreham	31,058	43,379	52,106	8,727
North Kingstown	635,939	819,357	731,692	(87,665)
North Providence	1,592,253	2,564,952	2,662,883	97,931
North Smithfield	634,700	970,239	965,888	(4,351)
Pawtucket	3,072,376	5,016,724	5,151,184	134,460
Portsmouth	302,409	376,198	361,091	(15,107)
Providence	5,934,870	11,520,957	11,661,930	140,973
Richmond	248,574	360,344	366,909	6,565
Scituate	237,174	325,391	285,902	(39,489)
Smithfield	853,791	1,071,799	974,786	(97,013)
South Kingstown	483,828	622,687	653,601	30,914
Tiverton	216,859	294,968	304,343	9,375
Warren	374,205	534,788	542,910	8,122
Warwick	3,093,847	3,866,952	4,263,178	396,226
Westerly	852,374	1,255,504	1,215,218	(40,286)
West Greenwich	209,706	311,443	283,021	(28,422)
West Warwick	777,694	1,241,104	1,345,609	104,505
Woonsocket	1,715,119	2,818,968	3,068,635	249,667
<b>Subtotal</b>	<b>\$ 34,511,822</b>	<b>\$ 54,679,453</b>	<b>\$ 56,211,793</b>	<b>\$ 1,532,340</b>
MV Phase Out - Fire Districts	32,369	69,496	70,714	1,218
<b>Total</b>	<b>\$ 34,544,191</b>	<b>\$ 54,748,948</b>	<b>\$ 56,282,507</b>	<b>\$ 1,533,559</b>

\*FY 2019 enacted MV figures reflect value of FY 2018 levy; the FY 2019 Gov. Rev. reflects updated data.

### Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.*</i>	<i>FY 2020 Rec. to Enacted</i>	<i>FY 2020 Rec. to FY 2019 Rev.</i>
Barrington	\$ 824,370	\$ 1,393,446	\$ 569,076	\$ 517,313
Bristol	509,577	760,420	250,843	199,292
Burrillville	1,111,454	1,418,525	307,071	291,703
Central Falls	559,678	910,126	350,448	407,556
Charlestown	243,681	296,996	53,315	53,437
Coventry	1,448,240	1,853,555	405,315	340,528
Cranston	6,025,451	8,176,804	2,151,353	2,260,834
Cumberland	1,369,021	1,753,921	384,900	318,891
East Greenwich	380,748	448,824	68,076	12,759
East Providence	1,653,876	3,065,776	1,411,900	1,059,639
Exeter	534,739	671,816	137,077	107,280
Foster	468,246	527,773	59,527	88,147
Glocester	582,819	709,347	126,528	125,203
Hopkinton	439,028	529,210	90,182	88,807
Jamestown	99,177	107,578	8,401	3,133
Johnston	2,571,705	3,407,574	835,869	797,380
Lincoln	842,552	929,616	87,064	19,573
Little Compton	62,951	68,672	5,721	1,744
Middletown	296,803	304,650	7,847	6,668
Narragansett	277,376	311,670	34,294	7,937
Newport	362,207	393,148	30,941	10,714
New Shoreham	43,379	59,257	15,878	7,151
North Kingstown	819,357	750,345	(69,012)	18,653
North Providence	2,564,952	3,596,326	1,031,374	933,443
North Smithfield	970,239	1,196,840	226,601	230,952
Pawtucket	5,016,724	8,257,768	3,241,044	3,106,584
Portsmouth	376,198	492,441	116,243	131,350
Providence	11,520,957	17,901,898	6,380,941	6,239,968
Richmond	360,344	442,459	82,115	75,550
Scituate	325,391	295,623	(29,768)	9,721
Smithfield	1,071,799	1,360,064	288,265	385,278
South Kingstown	622,687	667,813	45,126	14,212
Tiverton	294,968	312,900	17,932	8,557
Warren	534,788	658,021	123,233	115,111
Warwick	3,866,952	5,684,875	1,817,923	1,421,697
Westerly	1,255,504	1,595,754	340,250	380,536
West Greenwich	311,443	351,431	39,988	68,410
West Warwick	1,241,104	1,687,468	446,364	341,859
Woonsocket	2,818,968	4,537,013	1,718,045	1,468,378
<b>Subtotal</b>	<b>\$ 54,679,453</b>	<b>\$ 77,887,741</b>	<b>\$ 23,208,290</b>	<b>\$ 21,675,948</b>
MV Phase Out - Fire Districts	69,496	101,654	32,158	30,940
<b>Total</b>	<b>\$ 54,748,948</b>	<b>\$ 77,989,394</b>	<b>\$ 23,240,446</b>	<b>\$ 21,706,887</b>

\*FY 2019 enacted MV figures reflect value of FY 2018 levy; the FY 2020 Gov. Rec. reflects updated data.

## Library Aid

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 380,070	\$ 377,408	\$ 377,408	\$ -
Bristol	187,103	192,571	192,571	-
Burrillville	170,118	173,440	173,440	-
Central Falls	27,075	26,487	26,487	-
Charlestown	50,815	51,117	51,117	-
Coventry	238,140	232,971	232,971	-
Cranston	582,746	599,627	599,627	-
Cumberland	285,364	279,091	279,091	-
East Greenwich	132,321	131,335	131,335	-
East Providence	415,613	418,643	418,643	-
Exeter	52,931	49,367	49,367	-
Foster	34,371	33,624	33,624	-
Glocester	77,938	78,446	78,446	-
Hopkinton	35,323	34,850	34,850	-
Jamestown	126,828	123,716	123,716	-
Johnston	124,168	120,586	120,586	-
Lincoln	203,414	202,908	202,908	-
Little Compton	35,067	34,306	34,306	-
Middletown	145,593	145,601	145,601	-
Narragansett	191,652	187,492	187,492	-
Newport	411,403	412,478	412,478	-
New Shoreham	74,303	84,344	84,344	-
North Kingstown	282,085	278,709	278,709	-
North Providence	202,114	197,946	197,946	-
North Smithfield	78,305	77,887	77,887	-
Pawtucket	409,155	390,645	390,645	-
Portsmouth	113,853	114,736	114,736	-
Providence*	1,966,251	1,983,098	1,983,098	-
Richmond	26,001	24,913	24,913	-
Scituate	104,815	104,590	104,590	-
Smithfield	294,639	295,708	295,708	-
South Kingstown	218,810	213,881	213,881	-
Tiverton	123,043	122,624	122,624	-
Warren	56,598	56,679	56,679	-
Warwick	739,962	737,667	737,667	-
Westerly	318,791	315,893	315,893	-
West Greenwich	33,299	36,772	36,772	-
West Warwick	162,506	160,224	160,224	-
Woonsocket	186,880	197,081	197,081	-
	<b>\$ 9,299,463</b>	<b>\$ 9,299,463</b>	<b>\$ 9,299,463</b>	<b>\$ -</b>
Institutional Libraries	62,609	62,609	62,609	-
<b>Total</b>	<b>\$ 9,362,072</b>	<b>\$ 9,362,072</b>	<b>\$ 9,362,072</b>	<b>\$ -</b>

\*Includes the Statewide Reference Library Resource Grant.

## Library Aid

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.</i>	<i>FY 2020 Rec. to Enacted</i>	<i>FY 2020 Rec. to FY 2019 Rev.</i>
Barrington	\$ 377,408	\$ 373,393	\$ (4,015)	\$ (4,015)
Bristol	192,571	190,040	(2,531)	(2,531)
Burrillville	173,440	169,792	(3,648)	(3,648)
Central Falls	26,487	31,384	4,897	4,897
Charlestown	51,117	51,294	177	177
Coventry	232,971	226,403	(6,568)	(6,568)
Cranston	599,627	608,335	8,708	8,708
Cumberland	279,091	276,601	(2,490)	(2,490)
East Greenwich	131,335	126,645	(4,690)	(4,690)
East Providence	418,643	411,056	(7,587)	(7,587)
Exeter	49,367	51,067	1,700	1,700
Foster	33,624	32,632	(992)	(992)
Glocester	78,446	77,756	(690)	(690)
Hopkinton	34,850	35,868	1,018	1,018
Jamestown	123,716	104,748	(18,968)	(18,968)
Johnston	120,586	116,724	(3,862)	(3,862)
Lincoln	202,908	204,936	2,028	2,028
Little Compton	34,306	34,958	652	652
Middletown	145,601	141,336	(4,265)	(4,265)
Narragansett	187,492	181,959	(5,533)	(5,533)
Newport	412,478	400,306	(12,172)	(12,172)
New Shoreham	84,344	89,742	5,398	5,398
North Kingstown	278,709	290,338	11,629	11,629
North Providence	197,946	193,727	(4,219)	(4,219)
North Smithfield	77,887	77,263	(624)	(624)
Pawtucket	390,645	406,135	15,490	15,490
Portsmouth	114,736	113,429	(1,307)	(1,307)
Providence*	1,983,098	1,997,661	14,563	14,563
Richmond	24,913	24,428	(485)	(485)
Scituate	104,590	103,534	(1,056)	(1,056)
Smithfield	295,708	297,671	1,963	1,963
South Kingstown	213,881	219,988	6,107	6,107
Tiverton	122,624	122,228	(396)	(396)
Warren	56,679	56,214	(465)	(465)
Warwick	737,667	754,730	17,063	17,063
Westerly	315,893	309,803	(6,090)	(6,090)
West Greenwich	36,772	38,140	1,368	1,368
West Warwick	160,224	158,885	(1,339)	(1,339)
Woonsocket	197,081	198,313	1,232	1,232
	<b>\$ 9,299,463</b>	<b>\$ 9,299,463</b>	<b>\$ -</b>	<b>\$ -</b>
Institutional Libraries	62,609	62,609	-	-
<b>Total</b>	<b>\$ 9,362,072</b>	<b>\$ 9,362,072</b>	<b>\$ -</b>	<b>\$ -</b>

\*Includes the Statewide Reference Library Resource Grant.

## Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 203,389	\$ 205,777	\$ 205,777	\$ -
Bristol	279,397	282,413	282,413	-
Burrillville	202,015	204,641	204,641	-
Central Falls	242,093	244,423	244,423	-
Charlestown	97,097	98,143	98,143	-
Coventry	437,024	441,150	441,150	-
Cranston	1,008,961	1,020,830	1,020,830	-
Cumberland	426,317	432,719	432,719	-
East Greenwich	163,835	165,389	165,389	-
East Providence	590,502	596,479	596,479	-
Exeter	83,592	84,777	84,777	-
Foster	58,356	59,029	59,029	-
Glocester	123,645	125,379	125,379	-
Hopkinton	101,482	102,396	102,396	-
Jamestown	68,263	68,937	68,937	-
Johnston	363,489	367,606	367,606	-
Lincoln	267,304	271,180	271,180	-
Little Compton	43,776	44,099	44,099	-
Middletown	200,603	202,470	202,470	-
Narragansett	196,380	197,800	197,800	-
Newport	305,570	310,104	310,104	-
New Shoreham	11,319	11,170	11,170	-
North Kingstown	328,695	331,080	331,080	-
North Providence	403,417	408,082	408,082	-
North Smithfield	151,904	154,320	154,320	-
Pawtucket	891,950	901,017	901,017	-
Portsmouth	216,894	218,991	218,991	-
Providence	2,232,279	2,257,319	2,257,319	-
Richmond	95,248	96,149	96,149	-
Scituate	130,554	132,283	132,283	-
Smithfield	268,766	272,126	272,126	-
South Kingstown	382,004	386,853	386,853	-
Tiverton	197,617	199,352	199,352	-
Warren	131,578	133,129	133,129	-
Warwick	1,022,628	1,033,439	1,033,439	-
Westerly	283,383	285,934	285,934	-
West Greenwich	76,421	77,141	77,141	-
West Warwick	360,940	363,946	363,946	-
Woonsocket	514,881	520,903	520,903	-
<b>Total</b>	<b>\$ 13,163,564</b>	<b>\$ 13,308,972</b>	<b>\$ 13,308,972</b>	<b>\$ -</b>

## Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.*</i>	<i>FY 2020 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ 205,777	\$ 205,777	\$ -	\$ -
Bristol	282,413	282,413	-	-
Burrillville	204,641	204,641	-	-
Central Falls	244,423	244,423	-	-
Charlestown	98,143	98,143	-	-
Coventry	441,150	441,150	-	-
Cranston	1,020,830	1,020,830	-	-
Cumberland	432,719	432,719	-	-
East Greenwich	165,389	165,389	-	-
East Providence	596,479	596,479	-	-
Exeter	84,777	84,777	-	-
Foster	59,029	59,029	-	-
Glocester	125,379	125,379	-	-
Hopkinton	102,396	102,396	-	-
Jamestown	68,937	68,937	-	-
Johnston	367,606	367,606	-	-
Lincoln	271,180	271,180	-	-
Little Compton	44,099	44,099	-	-
Middletown	202,470	202,470	-	-
Narragansett	197,800	197,800	-	-
Newport	310,104	310,104	-	-
New Shoreham	11,170	11,170	-	-
North Kingstown	331,080	331,080	-	-
North Providence	408,082	408,082	-	-
North Smithfield	154,320	154,320	-	-
Pawtucket	901,017	901,017	-	-
Portsmouth	218,991	218,991	-	-
Providence	2,257,319	2,257,319	-	-
Richmond	96,149	96,149	-	-
Scituate	132,283	132,283	-	-
Smithfield	272,126	272,126	-	-
South Kingstown	386,853	386,853	-	-
Tiverton	199,352	199,352	-	-
Warren	133,129	133,129	-	-
Warwick	1,033,439	1,033,439	-	-
Westerly	285,934	285,934	-	-
West Greenwich	77,141	77,141	-	-
West Warwick	363,946	363,946	-	-
Woonsocket	520,903	520,903	-	-
<b>Total</b>	<b>\$ 13,308,972</b>	<b>\$ 13,308,972</b>	<b>\$ -</b>	<b>\$ -</b>

*\*FY 2019 based on prior data; FY 2020 enacted will reflect actual data.*

## Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Barrington	\$ 160,982	\$ 172,575	\$ 178,288	\$ 184,739
Bristol	393,164	445,779	490,293	451,567
Burrillville	197,923	190,021	195,692	214,442
Central Falls	118,346	121,924	123,031	142,982
Charlestown	146,233	158,031	173,879	187,253
Coventry	392,485	389,819	437,307	466,386
Cranston	1,711,751	1,792,828	1,818,951	1,975,488
Cumberland	449,395	473,622	481,440	539,876
East Greenwich	603,838	677,598	809,903	694,380
East Providence	900,412	960,092	1,005,535	1,076,247
Exeter	91,328	100,330	105,533	116,466
Foster	15,854	17,936	17,661	23,382
Glocester	71,838	75,375	74,338	75,453
Hopkinton	48,178	52,205	45,689	53,522
Jamestown	93,444	92,434	94,108	90,468
Johnston	543,799	584,763	624,339	709,170
Lincoln	807,125	784,459	791,292	811,829
Little Compton	44,318	57,268	68,507	65,110
Middletown	650,757	725,596	730,305	810,338
Narragansett	583,414	664,935	627,427	697,787
Newport	2,069,020	2,266,128	2,235,459	2,641,064
New Shoreham	316,803	361,187	358,555	376,358
North Kingstown	507,483	556,133	532,105	624,355
North Providence	326,139	348,364	352,137	397,108
North Smithfield	242,418	314,344	304,746	302,535
Pawtucket	755,669	812,269	865,294	945,504
Portsmouth	179,150	229,833	238,740	279,811
Providence	4,927,997	5,260,911	5,463,457	6,246,967
Richmond	137,772	141,584	142,210	145,562
Scituate	68,385	64,084	54,994	67,639
Smithfield	678,253	786,891	755,766	796,851
South Kingstown	762,720	834,015	859,118	911,785
Tiverton	211,399	225,960	224,686	253,167
Warren	270,327	356,392	297,499	319,510
Warwick	2,657,702	2,712,574	2,890,427	3,188,368
Westerly	796,790	873,436	883,820	930,904
West Greenwich	136,840	137,441	126,823	122,462
West Warwick	337,902	347,921	345,927	392,007
Woonsocket	494,486	516,678	511,790	567,885
<b>Total</b>	<b>\$ 23,901,840</b>	<b>\$ 25,683,737</b>	<b>\$ 26,337,072</b>	<b>\$ 28,896,727</b>

### Local Hotel Tax

<i>City or Town</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Barrington	\$ -	\$ 269	\$ 1,774	\$ 2,661
Bristol	16,409	18,894	25,315	29,156
Burrillville	-	-	-	28
Central Falls	-	30	287	53
Charlestown	8,228	17,619	47,760	58,621
Coventry	40,343	44,161	43,530	47,776
Cranston	4,217	7,251	9,198	11,427
Cumberland	-	-	709	745
East Greenwich	249	384	292	513
East Providence	20,329	21,968	19,545	20,952
Exeter	-	7	43	-
Foster	93	70	117	282
Glocester	900	1,024	1,188	1,357
Hopkinton	-	347	4,494	1,123
Jamestown	4,743	7,420	15,793	19,766
Johnston	4,169	3,913	3,683	3,338
Lincoln	46,909	47,758	48,089	50,036
Little Compton	164	2,003	14,890	16,262
Middletown	331,476	370,993	396,390	490,943
Narragansett	36,258	68,467	167,486	193,464
Newport	862,954	1,065,006	1,079,403	1,193,942
New Shoreham	123,771	225,100	299,889	478,072
North Kingstown	36,732	36,972	50,847	51,564
North Providence	-	3	1	231
North Smithfield	1,444	1,498	1,284	1,433
Pawtucket	23,287	18,564	1,736	40,109
Portsmouth	8,333	8,476	17,463	10,217
Providence	901,828	1,002,140	1,036,248	1,129,388
Richmond	1,735	1,833	1,951	3,023
Scituate	2,824	2,972	3,279	3,110
Smithfield	65,311	76,793	68,053	74,348
South Kingstown	62,422	78,293	86,591	100,203
Tiverton	-	306	1,076	3,117
Warren	-	247	1,313	704
Warwick	474,245	524,392	529,068	555,191
Westerly	218,992	269,593	300,400	329,908
West Greenwich	41,057	47,165	52,424	55,839
West Warwick	50,205	59,550	63,401	68,240
Woonsocket	23,914	26,403	20,892	23,137
<b>Total</b>	<b>\$ 3,413,541</b>	<b>\$ 4,057,884</b>	<b>\$ 4,415,901</b>	<b>\$ 5,070,279</b>

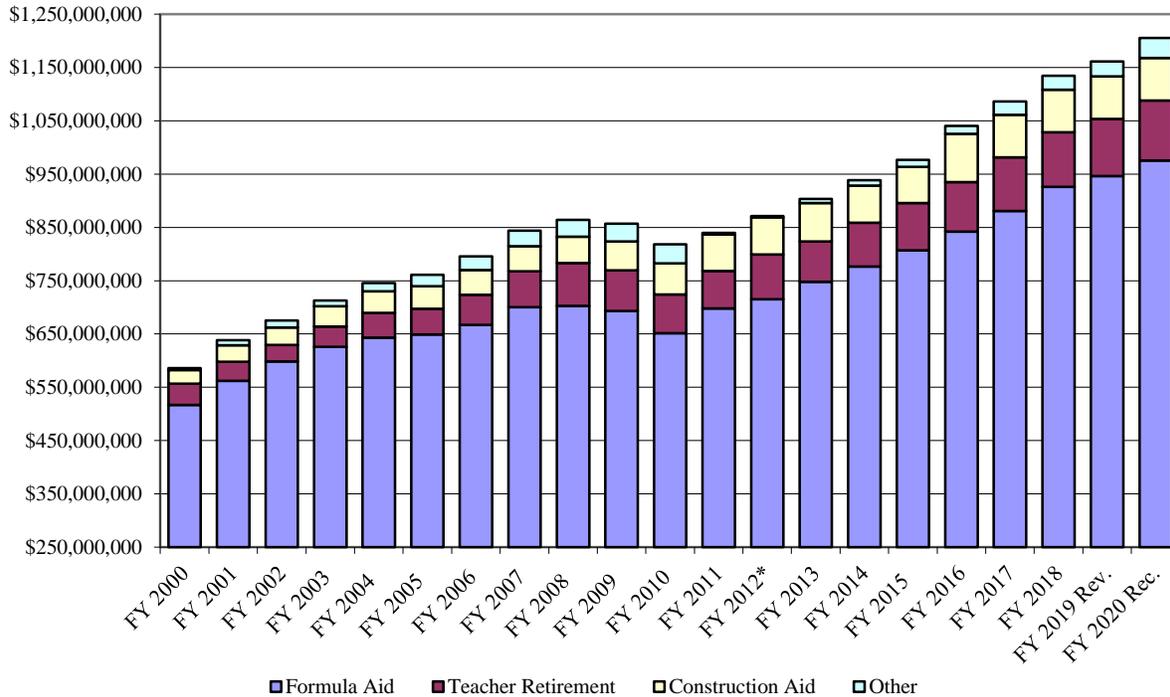


# Education Aid

## Summary

The Governor recommends \$1,207.1 million for FY 2020 total aid for local school districts. This is \$44.7 million more than enacted for FY 2019. Funding for FY 2020 includes \$975.8 million in direct distributions to local school districts, \$38.0 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$112.3 million for the state’s contribution to teacher retirement, and \$80.0 million for school construction costs.

### State Education Aid



\*Davies begins appearing with education aid

The 2010 Assembly adopted a funding formula to be effective with the FY 2012 budget. This formula distributes aid to all districts, charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the money follows the student and includes a core instruction amount per pupil that every student will receive, a single poverty weight as a proxy for student supports, and a state share ratio that considers the district’s ability to generate revenues and its poverty concentration. There is no minimum share in the formula. Group home aid is paid on a per-bed basis, adjusted for the impact of the funding formula.

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There has been a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. As FY 2020 represents the ninth year of the transition period, only districts that are receiving less state aid have the remaining loss phased in. Gaining communities were fully-phased in by year seven.

Since its inception, there have been various proposals to change the education funding formula. Based on the recommendations of a 2015 working group, the Assembly provided a category of aid for English

language learners and three years of support for districts with at least 5.0 percent of students enrolled in charter or state schools. The 2018 Assembly also established a voluntary three-year pilot program to support school resource officers beginning in FY 2019.

The FY 2020 budget includes \$975.8 million for direct aid to local school districts, an increase of 36.5 percent from the first year of the formula. The funding formula costs are driven by enrollment, wealth, and the core instruction amount. Since FY 2012, the per pupil core instruction amount has increased by \$1,538 or 18.5 percent, which is an annual increase of 2.2 percent. Aid per student has increased by \$1,474 or 27.3 percent during that same period, which is an annual increase of 3.1 percent. The table below shows these changes, as well as changes to enrollment, students in poverty, and average state share ratio since the first year of the funding formula. The formula provides a 40.0 percent weight for each student in poverty. The state share is determined using two factors: the full value of local property and the median family income as determined by the last five years of census data. Among all communities, the average state share ratio for FY 2020 is 38.4 percent. When weighted for the number of students, the average state share ratio is 55.0 percent; it was 52.5 percent when the formula began. Table 2 at the end of this report shows the funding formula calculation for FY 2020.

	FY 2012	FY 2016	FY 2019	FY 2020	FY 2020 Chg. to FY 2012	% FY 2020 Chg. to FY 2012	% Average Annual Change
Per Pupil Core Amount	\$ 8,333	\$ 8,928	\$ 9,422	\$ 9,871	\$ 1,538	18.5%	2.2%
Student Enrollment	140,913	140,486	142,306	142,306	1,393	1.0%	0.1%
Students in Poverty	63,446	68,682	67,972	67,972	4,526	7.1%	0.9%
Highest State Share Ratio	92.6%	93.5%	93.3%	94.8%	2.2%	2.4%	0.3%
Average State Share Ratio	38.7%	40.2%	38.6%	38.4%	-0.3%	-0.8%	-0.1%
Avg. Weighted State Share Ratio	52.5%	55.4%	55.1%	55.0%	2.5%	4.8%	0.3%
Aid Per Student	\$ 5,393	\$ 5,992	\$ 6,652	\$ 6,866	\$ 1,474	27.3%	3.1%

### Education Aid by Component

The Governor recommends \$1,207.1 million for FY 2020 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$44.7 million more than enacted for FY 2019.

The following table compares the FY 2020 recommended funding for the major components of education aid to the FY 2019 enacted budget and the Governor's FY 2019 revised recommendation. It is followed by an explanation of each of the items in the table.

The funding formula calculation for FY 2020 uses March 15, 2018 student enrollment data adjusted for FY 2020 projected charter school enrollments, a per pupil core instruction amount of \$9,871 and state share ratio variables updated with June 30, 2018 data. As FY 2020 is the ninth year of the transition period, gaining districts receive the full amount of aid produced by the formula each year and only districts that are receiving less state aid will have that remaining loss phased in.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimated total funding formula aid to be \$962.8 million, \$5.4 million more than the Governor's recommended budget. This includes a \$1.3 million reduction from shifting education costs for youth in certain residential facilities to districts; the Governor's budget deducts this from aid. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation is likely understated by \$3.0 million.

The Department of Elementary and Secondary Education will provide updated March 2019 student enrollment data at the beginning of April. Districts are billed quarterly for students attending charter and state schools.

<b>Education Aid</b>	<b>FY 2019 Enacted</b>	<b>FY 2019 Revised</b>	<b>Change to Enacted</b>	<b>FY 2020 Governor</b>	<b>Change to Enacted</b>
<b>Operating Aid</b>					
Local Districts	\$ 787,092,594	\$ 787,092,594	\$ -	\$ 806,857,850	\$ 19,765,256
Central Falls	40,752,939	40,752,939	-	41,087,651	334,712
Met School*	9,342,007	9,342,007	-	9,342,007	-
Davies Career & Technical*	13,658,087	13,658,087	-	13,694,981	36,894
Charter Schools	90,493,298	90,617,343	124,045	101,400,980	10,907,682
UCAP	1,423,688	1,423,688	-	1,534,754	111,066
Group Homes Funding	3,575,746	3,694,746	119,000	3,198,073	(377,673)
<b>Subtotal</b>	<b>\$ 946,338,359</b>	<b>\$ 946,581,404</b>	<b>\$ 243,045</b>	<b>\$ 977,116,293</b>	<b>\$ 30,777,934</b>
<b>Other Adjustments</b>					
Audit Adjustment	\$ -	\$ -	\$ -	\$ 18,947	\$ 18,947
Training School Costs	-	-	-	(1,330,984)	(1,330,984)
<b>Adjusted Subtotal</b>	<b>\$ 946,338,359</b>	<b>\$ 946,581,404</b>	<b>\$ 243,045</b>	<b>\$ 975,804,256</b>	<b>\$ 29,465,897</b>
<b>Categorical Funding</b>					
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ -	\$ 4,500,000	\$ -
Career and Technical	4,500,000	4,500,000	-	4,500,000	-
Early Childhood	7,360,000	7,360,000	-	15,553,081	8,193,081
Non-Public Transportation	3,038,684	3,038,684	-	3,038,684	-
Regional District Transportation	4,372,676	4,372,676	-	4,372,676	-
English Language Learners	2,744,939	2,744,939	-	5,000,000	2,255,061
School of Choice Density Aid	478,350	478,350	-	-	(478,350)
School Resource Officer Support	2,000,000	213,230	(1,786,770)	1,000,000	(1,000,000)
<b>Subtotal</b>	<b>\$ 28,994,649</b>	<b>\$ 27,207,879</b>	<b>\$ -</b>	<b>\$ 37,964,441</b>	<b>\$ 8,969,792</b>
<b>Set-Aside Funds</b>					
Textbook Loans	\$ 240,000	\$ 88,576	\$ (151,424)	\$ 240,000	\$ -
School Breakfast	270,000	270,000	-	270,000	-
Recovery High School	500,000	500,000	-	500,000	-
<b>Subtotal</b>	<b>\$ 1,010,000</b>	<b>\$ 858,576</b>	<b>\$ (151,424)</b>	<b>\$ 1,010,000</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 976,343,008</b>	<b>\$ 974,647,859</b>	<b>\$ 91,621</b>	<b>\$ 1,014,778,697</b>	<b>\$ 38,435,689</b>
<b>Other Aid</b>					
Teacher Retirement	\$ 106,118,409	\$ 106,753,507	\$ 635,098	\$ 112,337,502	\$ 6,219,093
Construction Aid	69,448,781	65,340,282	(4,108,499)	78,984,971	9,536,190
School Building Authority Fund	10,551,219	14,659,718	4,108,499	1,015,029	(9,536,190)
<b>Statewide Total</b>	<b>\$ 1,162,461,417</b>	<b>\$ 1,161,401,366</b>	<b>\$ 726,719</b>	<b>\$ 1,207,116,199</b>	<b>\$ 44,654,782</b>

*\*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget.*

### Operating Aid

**Local Districts.** The Governor recommends \$806.9 million for formula aid to locally operated school districts. This is \$19.8 million more than enacted.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to report estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimates formula aid for local districts to be \$809.3 million, \$2.5 million more than the Governor's recommendation.

**Central Falls Operations.** The Governor recommends \$41.1 million for formula aid for the Central Falls School District. This is \$0.3 million or 0.8 percent more than FY 2019 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a stabilization fund for the Central Falls School District until the city can begin paying its local share. This is the sixth year of stabilization funding and the Governor's recommendation includes \$8.4 million. Compared to FY 2019, the formula produces a \$0.1 million reduction, reflecting declining Central Falls enrollment primarily due to the growth in the number of students attending charter schools.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimates formula aid for Central Falls to be \$33.7 million, \$1.0 million more than the Governor's recommended budget. The increase in formula aid would likely have been offset by a similar reduction to stabilization funding.

**Metropolitan Career and Technical School.** The Governor recommends \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with FY 2018 and FY 2019 enacted levels. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor recommends \$1.9 million in stabilization funding for the Met School, which is \$0.5 million more than enacted. This offsets the \$0.5 million reduction reflecting year nine of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 6 at the end of this report includes estimated enrollment for FY 2020.

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

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimates formula aid for the Met School to be \$7.6 million, \$0.1 million more than the Governor's recommended budget. The increase in formula aid would likely have been offset by a similar reduction to stabilization funding.

**Davies Career and Technical School.** The Governor recommends \$13.7 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$36,894 more than the FY 2019 enacted level. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state.

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Davies' operating budget is submitted as part of the

Department's budget and Davies' employees are still state employees. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2020.

The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and the implication of allowing local districts to hold back a share of its per pupil funding as well as recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor's recommendation includes \$4.9 million in additional funding to Davies, \$0.6 million more than enacted. This offsets a similar reduction reflecting year nine of the formula.

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

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimates formula aid for Davies to be \$8.9 million, \$57,019 more than the Governor's recommended budget. The increase in formula aid would likely have been offset by a similar reduction to stabilization funding.

**Charter Schools.** The Governor recommends \$101.4 million for formula aid to charter schools. This is \$10.9 million more than the FY 2019 enacted level and reflects one new charter school that will open in FY 2020. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which it must pay to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 24 charter schools in Rhode Island. Table 6 at the end of this report includes estimated enrollment for FY 2020.

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

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December. The report was submitted to the Budget Office and estimates formula aid for charter schools to be \$101.8 million, \$0.4 million more than the Governor's recommended budget.

**Urban Collaborative Accelerated Program.** The Governor recommends \$1.5 million for the seventh year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2020. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2020.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimates formula aid for the Urban Collaborative Accelerated Program to be \$18,617 more than the Governor's recommended budget.

**Group Homes.** The Governor recommends \$3.2 million for group home aid, based on 324 beds. The distribution uses a method proposed by the Department and adopted by the 2014 Assembly that changed the way group home beds affect total funding allowed under Rhode Island General Law, Section 16-7-22(1)(ii), which requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. The decrease in funding is phased-in over the remaining years of the transition period. As FY 2020 is the ninth year of the transition period, only districts that are receiving less state aid will have that remaining loss phased in; the gaining districts receive total aid as produced by the formula each year.

The Department of Children, Youth and Families subsequently published its annual report on February 19. The report includes 331 beds, seven more than assumed in the recommendation, which would require an additional \$35,080 from general revenues for FY 2020 only.

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. Prior to that, an official community of residence, generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility.

The 2007 Assembly enacted legislation to ensure that increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2019 would not be reflected until FY 2020. The 2016 Assembly increased the per bed amount from \$22,000 to \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program. It also increased the per bed amount from \$15,000 to \$17,000 for all other group home beds. In FY 2020, the 17 communities hosting group homes will receive \$17,000 per bed or \$26,000 for CRAFT beds.

### **Other Adjustments**

**Audit Adjustment.** Following enactment of the FY 2019 budget, the Division of Municipal Finance adjusted the local property value data that is used to calculate the state's share of education costs, the apparent result of input errors by the Division. Updating the data, in turn, impacted the state's share of education formula aid for nearly all local education agencies. Excluding the state schools, the net impact of this adjustment is an additional \$18,947, but with more impactful redistributions among districts and charter schools.

While there is no established procedure, either in regulation or state law, for altering formula aid in the case of an audit that produces different results than the official certifications, the Governor's recommended

budget includes an adjustment to reflect the impact of this correction to the data, but in FY 2020. Table 1A at the end of this report includes the impact of this change by district, which total \$123,906. The reduction of \$104,959 to charter schools is included in total recommended aid in Table 1B.

**Training School Costs.** The Governor proposes to require cities and towns to pay their per pupil special education costs for each resident student sentenced to the training school and for youth in certain residential facilities. Currently, districts pay only for students living in group homes that do not have a contract with the Department of Children, Youth and Families for a predetermined number of placements, and education costs for students at the training school are paid by the state. The Governor shows the impact of that new requirement estimated to be \$1.3 million as a reduction to education aid, the impact by district is shown in Table 1A at the end of this report. It is unclear what the calculation in the budget assumes, but the number does equate to the FY 2018 average Training School census of 59 youth times \$22,559 which is similar to the average per pupil statewide special education cost.

### **Categorical Funding**

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, English language learners, transportation costs and a limited two-year bonus for regionalized districts, which is an entitlement based on the formula. For each other category of aid, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has not increased annually and the out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. For FY 2020, density aid is excluded as FY 2019 was the final year of the three-year program.

**High Cost Special Education.** The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2020, consistent with the FY 2017 through FY 2019 enacted budgets. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, that has not occurred consistently since FY 2017 and the out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

**Career and Technical Programs.** The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds and prorates the funds available for distribution among those eligible school districts, if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Governor recommends \$4.5 million for FY 2020, consistent with the FY 2017 through FY 2019 enacted budgets. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has only increased twice since FY 2013 and the out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. This was first funded in FY 2013 at \$3.0 million. These funds are not shown in the distribution tables at the end of this report.

**Early Childhood Education.** The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality prekindergarten programs. The Governor recommends \$15.6 million for FY 2020, which is \$8.2 million more than enacted from all funds and \$9.3 million more

from general revenues. The enacted budget includes \$1.1 million from permanent school funds, a one-time source of funding. All early childhood categorical funds were used as a match for a federal grant from FY 2016 through FY 2019, which allowed the Department to expand the number of pre-kindergarten classes from 17 in FY 2015 to 60 in FY 2018. As the grant has expired, the recommendation includes \$11.3 million to fully fund the 60 prekindergarten classrooms, which serves 1,080 children, and \$3.2 million to support new classrooms. Each classroom serves 18 students and costs approximately \$200,000 annually. If costs and classroom sizes remain the same for FY 2020, the additional \$3.2 million would fund 16 new classrooms and serve 288 students.

These funds are currently distributed through a request for proposals process and have been going directly to childcare programs. In the recommended budget, the Governor includes legislation to expand prekindergarten classrooms until “every family who would like a high-quality, prekindergarten seat for their four-year-old has one.” Meanwhile, out-year estimates submitted with the Governor’s FY 2020 budget assume these costs will remain constant and do not assume further expansion of the program. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

The budget for the Department of Elementary and Secondary Education includes \$0.7 million for contracted program evaluation and professional development, and \$0.4 million to support 4.0 new full-time equivalent positions to oversee the Governor’s proposed universal prekindergarten initiative.

**Non-Public School Transportation.** The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor recommends \$3.0 million for FY 2020, consistent with the enacted budget. Funding for this category of aid has increased annually since FY 2012; however, the out-year estimates submitted with the Governor’s FY 2020 budget assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.8 million.

**Regional School District Transportation.** The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state shares in the costs associated with transporting students within regional school districts. The state and regional school district shares equally the student transportation costs net any federal sources of revenue for these expenditures. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor recommends \$4.4 million for FY 2020, consistent with the enacted budget. Funding for this category of aid has increased annually since FY 2012; however, the out-year estimates submitted with the Governor’s FY 2020 budget assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.5 million.

**English Language Learners.** The Governor’s budget includes \$5.0 million to support English language learners that are in the most intensive programs, \$2.3 million more than the enacted budget. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs, and then ratably reduced. Funding for this category was first provided in FY 2017 for one year only; it was made permanent a year later. The out-year estimates submitted with the Governor’s FY 2020 budget assume these costs will remain constant.

**School of Choice Density Aid.** The Governor’s budget excludes funding for school of choice density aid as FY 2019 was the final year of a three-year program. This category of funding provided additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts were eligible for this funding,

which provided \$175 per pupil for every student sent to a charter or state school. For FY 2018 and FY 2019, seven districts received \$100 and \$50 per student, respectively. This recommendation emerged from the 2015 Governor's funding formula work group.

**School Resource Officer Support.** The 2018 Assembly established a voluntary three-year pilot program for a new category of education aid to support school resource officers for a period of three years beginning in FY 2019. Funding will be used to reimburse school districts or municipalities one-half of the total cost of employing a new school resource officer at a middle or high school for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students would not be eligible for reimbursement. The enacted budget includes \$2.0 million for the first year of the program. In her FY 2019 revised recommendation the Governor reduced funding by \$1.8 million for total funding of \$213,230 and includes \$1.0 million for FY 2020 based on program participation.

### Set-Aside Funds

**Textbook Loans.** The Governor recommends the enacted level of \$240,000 for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade. The recommendation is \$80,459 more than the spent in FY 2018. For FY 2019, the Governor's revised budget includes \$88,576, or \$151,424 less than enacted, based on anticipated expenditures.

**School Breakfast.** The Governor recommends \$270,000 for FY 2020 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

Current law requires the Assembly to "*annually appropriate some sum and distribute it based on each district's proportion of the number of breakfasts served in the prior school year relative to the statewide total in the same year.*" As in the lunch program, children from families with incomes at or below 130 percent of poverty are eligible for free meals. Children from families between 130 percent and 185 percent of poverty are eligible for reduced-price meals. Children from families over 185 percent of poverty pay a regular price for their meals.

In addition to school breakfast aid, the Governor's budget recommendation includes \$55,000 from general revenues and legislation in Article 15 of 2019-H 5151 to expand the number of schools offering free breakfast after the school day has started and to expand the number of schools participating in the Community Eligibility Provision of the national school nutrition programs. This provision requires eligible schools to offer free lunch and/or breakfast to all enrolled students and receive a formula-based reimbursement, rather than be reimbursed on a per meal basis for eligible students. How the proposed state funds will be used has not yet been determined, but may include outreach, training, resource development, or mini-grants to schools.

**Recovery High School.** The 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state's recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changed the local tuition payment from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed the limitation to FY 2017 only. For FY 2020, the Governor recommends \$0.5 million, consistent with the enacted budget.

## Other Aid

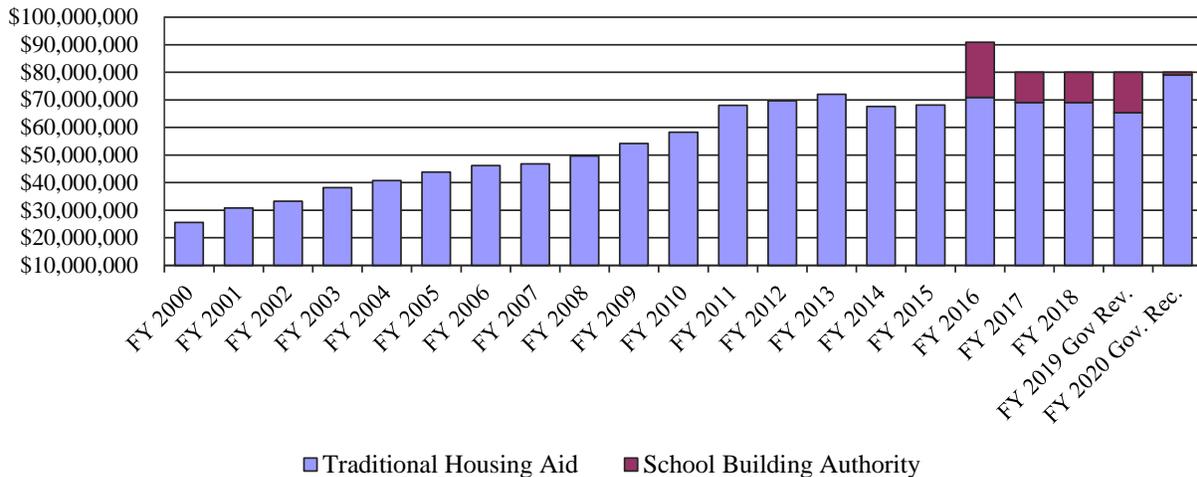
**Teacher Retirement.** The Governor recommends \$112.3 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.2 million or 4.8 percent more than the FY 2019 enacted budget. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. For districts that choose not to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

**School Construction Aid.** The Governor recommends \$80.0 million for construction aid to local districts. This includes \$79.0 million for the traditional school housing aid program, which reimburses school districts for a share of completed projects, and \$1.0 million for the School Building Authority Capital Fund, which provides loans for smaller projects that do not require both the full rehabilitation of a school and voter approval.

The state reimburses cities and towns for a share of school capital projects. The shares are based on a district’s wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2018. The funding formula legislation had included a two-year phased increase in the state’s minimum housing aid share to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2012 for projects completed after June 30, 2012. The previous minimum had been 30.0 percent. It was eventually maintained at 35.0 percent.

The 2011 Assembly instituted a three-year moratorium on the approval of new projects with exception for projects necessitated by health and safety reasons, effective July 1, 2011 through July 1, 2014. The 2014 Assembly extended the moratorium to May 1, 2015. During the moratorium, the Council on Elementary and Secondary Education approved \$162.0 million of health and safety projects.

**School Construction Aid**



The table above shows school construction aid appropriations from FY 2000 through the FY 2020 recommendation. Funding for the program more than doubled over 10 years through FY 2001. It doubled again in the next 10 year period through FY 2011 with an average growth rate of 8.3 percent. Over the past 10 years, from FY 2008 through FY 2018, the Council on Elementary and Secondary Education approved \$832.0 million of projects through the traditional school housing aid program; projects for FY 2019 will be

approved in February. Additionally, it has approved 172 projects totaling \$62.9 million through the School Building Authority Capital Fund over its five year existence.

The 2019 Assembly enacted legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects, contingent upon approval of a bond referendum to be put before the voters on the November 2018 ballot. Districts would be eligible for share ratio increases of up to 20.0 percent for projects that meet the following incentives.

<b>Temporary Incentive</b>	<b>Share Ratio Increase</b>
1 Health & safety	5%
2 Educational enhancements (includes early education & CTE)	5%
3 Replace facility with a facilities condition index of 65%+	5%
4 Increase functional utilization of a facility from <60% to 80%	5%
5 Decrease facility functional utilization from >120% to between 85% & 105%	5%
6 Consolidate 2+ buildings	5%

While the maximum state share increase is 20.0 percent, a district’s local share cannot decrease by more than half of its regular share regardless of the incentives earned, nor can a district’s state share increase by more than half of its regular share. Also, the third incentive noted in the table above cannot be combined with the fourth or fifth incentive.

Projects approved between May 1, 2015 and January 1, 2018 are eligible for state share increases of up to 20.0 percent so long as commissioning agents and Owners Program Managers are utilized; those projects that do not are eligible for a 5.0 percent increase. Each incentive requires spending of 25.0 percent of project costs or \$500,000 on related items. The incentives require that projects begin by either December 30, 2022 or 2023 and be completed within five years.

The legislation establishes a permanent incentive for projects that address school safety and establishes minimum maintenance spending requirements. Districts are required to meet one of three options to meet the requirements. Maintenance spending may either equal \$3 per square foot of school building space, 3.0 percent of a building’s replacement value, or 3.0 percent of the school’s operating budget; the latter two options are phased-in over four years.

It also includes additional requirements and oversight throughout projects, which are intended to control project costs, ensure building systems operate correctly, and ensure that projects are executed properly from design through construction. Owners Program Managers and commissioning agents are required for projects exceeding \$1.5 million, and state prequalification of prime contractors is required for all projects exceeding \$10.0 million. Architects and engineers are also required to go through a prequalification process.

The enacted budget includes \$250.0 million of new general obligation bonds, which were approved by the voters on the November 2018 ballot for public school construction and repairs over the next five years, with an authorization limit of \$100.0 million in any one year. The legislation requires that bond proceeds first be used in the traditional housing aid program, with no more than 5.0 percent of available proceeds in any given year to be used by the capital fund. Annual debt service on the bonds would be \$20.7 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$401.4 million.

The Governor’s capital budget includes \$250.0 million from new general obligation bonds for a second school construction bond to go before the voters in November 2022 with funding programmed to begin in FY 2024. The original \$250.0 million bond is programmed at \$50.0 million annually through FY 2023.

It should be noted that the out-year estimates included with the Governor's recommended budget do not include additional costs through the standard state appropriation. As the state's share would temporarily increase through the new temporary incentives included in the legislation, additional funding would be needed to reimburse these projects, beyond the \$80.0 million assumed annually in the Governor's projections. The Office of the General Treasurer previously estimated that state reimbursements would increase to \$100 million by FY 2022 and \$140 million by FY 2027 under the proposed incentive plan.

## **Calculation and Distribution Tables**

The ten tables on the following pages include the calculation and distribution of the Governor's FY 2020 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2014 through FY 2018 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2020

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2020

Table 2: Calculation of Funding Formula for FY 2020

Table 3: Group Home Aid for FY 2020

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District

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

Table 8: Recommended Categorical Aid for FY 2020

Table 9: Education Aid for FY 2014 - FY 2018

## **Table 1A: Total Recommended Education Aid for Districts for FY 2020**

**A.** Column **A** is the amount that districts will receive in the ninth year of the formula's implementation pursuant to the ten-year phase in of the formula. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Beginning in FY 2018, only districts receiving less state aid are subject to the phase in. This calculation is shown in Table 2.

**B.** Column **B** is the amount of group home aid districts will receive in FY 2020. Changes from FY 2019 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula.

**C.** The formula allows for additional resources from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The 2017 Assembly enacted a permanent category of funding for English language learners beginning in FY 2018. The distribution from high-cost special education, transportation, English language learners, and charter school density aid is shown in column **C**. Specific programs are shown in Table 8.

**D.** Following enactment of the FY 2019 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs to correct input errors made by the Division. The Governor includes this correction to the data in her FY 2020 recommendation rather than in the revised budget, shown in column **D**.

**E.** The Governor's budget shifts education costs for youth in certain residential facilities and sentenced to the state's training school to local districts, shown in column **E**.

**F.** Column **F** shows the Governor's total FY 2020 recommended aid.

**G.** Column **G** is the FY 2019 enacted aid.

**H.** Column **H** is the difference between the Governor's FY 2020 recommendation shown in column **F** and the FY 2019 enacted budget in column **G**.

**Table 1A: Total Recommended Education Aid for Districts for FY 2020**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>FY 2020</b>			
	<b>Recommended</b>	<b>Group Home</b>		
<b>District</b>	<b>Formula Aid</b>	<b>Aid</b>	<b>Categoricals</b>	<b>Audit</b>
	<b>(Table 2)</b>	<b>(Table 3)</b>	<b>(Table 8)</b>	<b>Adjustment</b>
Barrington	\$ 5,733,900	\$ -	\$ 179,222	\$ (110,642)
Burrillville	12,645,871	80,022	158,038	59,789
Charlestown	1,607,264	-	320	-
Coventry	24,505,029	83,543	46,766	121,803
Cranston	64,163,387	37,602	1,266,568	(454,600)
Cumberland	21,025,844	-	139,381	214,114
East Greenwich	2,487,529	-	193,217	(143,710)
East Providence	36,574,399	509,554	300,311	65,480
Foster	1,224,145	-	65,218	3,628
Glocester	2,180,774	-	108,021	4,829
Hopkinton	5,137,769	-	250	12,319
Jamestown	420,184	-	40,076	-
Johnston	17,759,265	-	395,334	97,428
Lincoln	13,918,769	89,418	59,662	115,567
Little Compton	419,863	-	65	-
Middletown	7,576,228	-	59,269	(13,793)
Narragansett	2,302,681	-	37,918	-
Newport	12,779,258	145,520	58,206	-
New Shoreham	117,010	-	2,368	-
North Kingstown	9,970,989	-	75,358	400,298
North Providence	23,063,978	148,781	337,451	69,666
North Smithfield	5,816,759	100,435	67,489	44,340
Pawtucket	89,785,283	126,901	1,556,074	56,353
Portsmouth	3,415,706	557,258	62,891	20,834
Providence	256,571,868	441,024	4,030,708	(857,236)
Richmond	4,593,888	-	226	12,602
Scituate	2,763,958	-	56,851	21,334
Smithfield	5,963,577	219,137	157,131	62,464
South Kingstown	5,179,807	118,333	212,643	8,042
Tiverton	7,440,430	-	73,005	42,408
Warwick	38,688,900	279,648	302,164	252,111
Westerly	8,760,997	-	106,323	-
West Warwick	27,021,626	-	85,017	68,793
Woonsocket	62,312,576	44,244	329,587	(76,354)
Bristol-Warren	13,036,494	90,976	1,614,882	24,269
Chariho	38,321	-	2,016,338	-
Exeter-West Greenwich	5,090,818	125,677	1,196,483	(11,313)
Foster-Glocester	4,762,704	-	563,042	13,083
Central Falls*	41,087,651	-	521,878	-
<b>Total</b>	<b>\$ 847,945,501</b>	<b>\$ 3,198,073</b>	<b>\$ 16,475,751</b>	<b>\$ 123,906</b>
<i>Adjusted Chariho</i>	11,377,242	-	2,017,134	-

\*This includes a \$7.9 million stabilization fund payment to Central Falls in FY 2019 and \$8.4 million in FY 2020.

**Table 1A: Total Recommended Education Aid for Districts for FY 2020**

<i>District</i>	<i>E</i> <i>Training</i> <i>School Costs</i>	<i>F</i> <i>FY 2020 Total</i> <i>Recommended</i> <i>Aid</i>	<i>G</i> <i>FY 2019 Total</i> <i>Enacted Aid</i>	<i>H</i> <i>Total</i> <i>FY 2019</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ -	\$ 5,802,480	\$ 5,481,235	\$ 321,245
Burrillville	-	12,943,720	12,467,771	475,949
Charlestown	-	1,607,584	1,602,569	5,015
Coventry	-	24,757,141	22,790,523	1,966,618
Cranston	(164,402)	64,848,555	61,904,926	2,943,629
Cumberland	(29,021)	21,350,318	20,796,258	554,059
East Greenwich	-	2,537,036	3,167,385	(630,349)
East Providence	-	37,449,744	35,710,484	1,739,260
Foster	-	1,292,991	1,164,308	128,684
Glocester	-	2,293,624	2,323,354	(29,731)
Hopkinton	-	5,150,338	5,223,049	(72,711)
Jamestown	-	460,260	522,234	(61,974)
Johnston	(28,531)	18,223,496	18,398,579	(175,084)
Lincoln	-	14,183,416	12,325,264	1,858,152
Little Compton	-	419,928	355,525	64,403
Middletown	-	7,621,704	7,979,347	(357,643)
Narragansett	-	2,340,599	2,313,574	27,025
Newport	(85,183)	12,897,801	12,433,123	464,679
New Shoreham	-	119,378	156,926	(37,548)
North Kingstown	(63,158)	10,383,487	10,127,666	255,820
North Providence	-	23,619,876	23,428,292	191,584
North Smithfield	-	6,029,023	6,219,135	(190,112)
Pawtucket	(47,536)	91,477,075	88,331,184	3,145,892
Portsmouth	-	4,056,689	4,178,680	(121,991)
Providence	(713,360)	259,473,004	253,712,258	5,760,746
Richmond	-	4,606,716	4,596,526	10,191
Scituate	-	2,842,143	3,369,504	(527,361)
Smithfield	-	6,402,309	7,854,975	(1,452,667)
South Kingstown	-	5,518,825	6,293,429	(774,605)
Tiverton	-	7,555,843	6,779,518	776,325
Warwick	(29,652)	39,493,171	37,379,213	2,113,958
Westerly	-	8,867,320	8,766,881	100,439
West Warwick	(52,488)	27,122,948	26,186,038	936,910
Woonsocket	(117,652)	62,492,401	62,454,134	38,267
Bristol-Warren	-	14,766,621	14,912,237	(145,616)
Chariho	-	2,054,659	2,126,257	(71,599)
Exeter-West Greenwich	-	6,401,665	6,071,142	330,523
Foster-Glocester	-	5,338,829	5,199,951	138,878
Central Falls*	-	41,609,529	41,173,119	436,410
<b>Total</b>	<b>\$ (1,330,984)</b>	<b>\$ 866,412,249</b>	<b>\$ 846,276,577</b>	<b>\$ 20,135,671</b>
<i>Adjusted Chariho</i>		13,419,297	13,806,896	(129,104)

\*This includes a \$7.9 million stabilization fund payment to Central Falls in FY 2019 and \$8.4 million in FY 2020.

## **Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2020**

- A.** Column **A** is the FY 2019 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2019 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2020. It uses March 2018 enrollment and lottery data.
- D.** Column **D** is the difference between FY 2020 base funding and FY 2019 enacted formula aid.
- E.** Column **E** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2020 is the ninth year of the transition period, column **E** is the same as column **D** for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid have that remaining loss phased in.
- F.** Column **F** is the FY 2020 recommended formula aid. It is the transition calculation in column **E** added or subtracted from the FY 2019 formula aid shown in column **B**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is the difference between the ninth year of funding under the formula in column **F** and total state formula aid shown in column **C**.
- H.** Column **H** includes the distribution of English language learners categorical funding.
- I.** Column **I** includes the distribution of high cost special education categorical funding.
- J.** Column **J** is the total recommended aid for FY 2020. It includes the formula aid shown in column **F**, distributions from categorical funding shown in columns **H** and **I**, and impact of the FY 2019 data entry error.

**Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2020**

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>School</i>	<i>FY 2019 Enacted Formula Aid*</i>	<i>FY 2019 Revised Formula Aid*</i>	<i>FY 2020 Base Formula Funding</i>	<i>Change to Enacted</i>	<i>Transition = D or 1/2*</i>
Academy for Career Exploration (Textron)	\$ 2,227,727	\$ 2,227,727	\$ 2,193,873	\$ (33,854)	\$ (16,927)
Achievement First	11,647,816	11,647,816	14,276,048	2,628,232	2,628,232
Beacon	2,848,622	2,848,622	2,980,342	131,720	131,720
Blackstone	3,736,546	3,736,546	3,913,257	176,711	176,711
Charette	921,368	921,368	1,445,456	524,088	524,088
Compass	422,155	422,155	380,602	(41,553)	(20,776)
Greene School	1,190,698	1,190,698	1,254,505	63,807	63,807
Highlander	5,808,501	5,808,501	6,275,340	466,839	466,839
Hope Academy	1,813,351	1,813,351	2,268,923	455,572	455,572
International	3,380,912	3,380,912	3,564,480	183,568	183,568
Kingston Hill	543,753	543,753	517,821	(25,932)	(12,966)
Learning Community	6,455,494	6,455,494	6,835,496	380,002	380,002
New England Laborers	1,157,857	1,281,902	1,216,412	58,555	58,555
Nowell	1,720,108	1,720,108	1,792,660	72,552	72,552
Nurses Institute	2,726,258	2,726,258	2,846,074	119,816	119,816
Paul Cuffee	8,534,952	8,534,952	8,915,929	380,977	380,977
RI Mayoral Academies Blackstone Prep.	16,949,496	16,949,496	19,009,561	2,060,065	2,060,065
RISE Mayoral Academy	1,879,994	1,879,994	2,421,934	541,940	541,940
Segue Institute	2,823,238	2,823,238	3,006,581	183,343	183,343
Southside Elementary	1,301,720	1,301,720	1,630,420	328,700	328,700
Times2 Academy	7,900,487	7,900,487	8,253,143	352,656	352,656
Trinity	2,255,877	2,255,877	2,356,573	100,696	100,696
Village Green	2,246,369	2,246,369	2,343,908	97,539	97,539
Wangari Mathai	-	-	1,650,971	1,650,971	1,650,971
<b>Charter Schools Subtotal</b>	<b>\$ 90,493,299</b>	<b>\$ 90,617,343</b>	<b>\$ 101,350,310</b>	<b>\$ 10,857,011</b>	<b>\$ 10,907,682</b>
Davies Career and Tech	13,658,087	13,658,087	8,194,255	(1,998,335)	(999,168)
Met School	9,342,007	9,342,007	6,952,304	(1,629,907)	(814,954)
Urban Collaborative	1,423,688	1,423,688	1,534,754	111,066	111,066
<b>Total</b>	<b>\$ 114,917,080</b>	<b>\$ 115,041,125</b>	<b>\$ 118,031,623</b>	<b>\$ 7,339,835</b>	<b>\$ 9,204,627</b>

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

\*Includes a state schools stabilization payment of \$4.2 million to Davies and \$1.4 million to Met.

**Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2020**

<i>School</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
	<i>FY 2020</i>	<i>Change to</i>	<i>English</i>	<i>High Cost</i>	<i>FY 2020</i>
	<i>Recommended</i>	<i>Base</i>	<i>Language</i>	<i>Special Ed</i>	<i>Recommended</i>
	<i>Formula Aid**</i>	<i>Calculation</i>	<i>Learners</i>	<i>Categorical</i>	<i>Aid</i>
			<i>Categorical</i>	<i>Categorical</i>	
Academy for Career Exploration (Textron)	\$ 2,210,800	\$ 16,927	\$ 9,678	\$ -	\$ 2,218,079
Achievement First	14,276,048	-	80,797	-	14,317,669
Beacon	2,980,342	-	487	-	2,983,306
Blackstone	3,913,257	-	5,204	-	3,918,149
Charette	1,445,456	-	-	-	1,442,299
Compass	401,380	20,778	-	-	405,433
Greene School	1,254,505	-	557	-	1,259,338
Highlander	6,275,340	-	35,940	3,511	6,297,932
Hope Academy	2,268,923	-	9,169	-	2,272,294
International	3,564,480	-	46,607	-	3,609,675
Kingston Hill	530,787	12,966	-	-	537,257
Learning Community	6,835,496	-	62,361	-	6,896,577
New England Laborers	1,216,412	-	5,503	-	1,217,950
Nowell	1,792,660	-	12,765	-	1,802,352
Nurses Institute	2,846,074	-	12,203	-	2,851,744
Paul Cuffee	8,915,929	-	22,922	-	8,909,607
RI Mayoral Academies Blackstone Prep.	19,009,561	-	51,284	-	19,100,500
RISE Mayoral Academy	2,421,934	-	2,437	-	2,423,897
Segue Institute	3,006,581	-	15,043	-	3,023,204
Southside Elementary	1,630,420	-	5,094	-	1,631,054
Times2 Academy	8,253,143	-	20,884	-	8,246,957
Trinity	2,356,573	-	6,622	-	2,355,466
Village Green	2,343,908	-	7,640	-	2,345,700
Wangari Mathai	1,650,971	-	-	-	1,650,971
<b>Charter Schools Subtotal</b>	<b>\$ 101,400,980</b>	<b>\$ 50,670</b>	<b>\$ 413,196</b>	<b>\$ 3,511</b>	<b>\$ 101,717,410</b>
Davies Career and Tech	13,694,981	5,500,726	2,853	-	13,697,834
Met School	9,342,007	2,389,703	11,093	-	9,353,100
Urban Collaborative	1,534,754	-	4,955	-	1,539,709
<b>Total</b>	<b>\$ 125,972,722</b>	<b>\$ 7,941,099</b>	<b>\$ 432,097</b>	<b>\$ 3,511</b>	<b>\$ 126,308,053</b>

\*\*Includes a state schools stabilization payment of \$4.9 million to Davies and \$1.9 million to Met.

## Table 2: Calculation of Funding Formula for FY 2020

- A.** The FY 2020 student counts are shown in column **A** based on the resident average daily membership as of March 15, 2018. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.
- B.** Column **B** includes the number of students in pre-kindergarten through 12<sup>th</sup> grade that are in “poverty status” which is defined as a child whose family income is at or below 185 percent of federal poverty guidelines.
- C.** Column **C** includes the percent of students that are in poverty status - column **B** divided by column **A**.
- D.** Column **D** is the core instruction funding, which is the student count in column **A** times the core instruction per pupil amount of \$9,871. The legislation requires the core instruction per pupil amount to be updated annually.
- E.** Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in pre-kindergarten through 12<sup>th</sup> grade that are in poverty status in column **B** times the core instruction amount.
- F.** The total foundation amount in column **F** is the sum of the core instruction amount in column **D** plus the student success factor funding in column **E**.
- G.** Column **G** is the state share ratio; the calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in column **F** times the state share ratio in column **G**.
- I.** Column **I** is the FY 2019 enacted formula aid in Table 5.
- J.** Column **J** is the ninth year transition amount for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2020 is the ninth year of the transition period, column **J** is the amount produced by the formula for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid have that remaining loss phased in and for those districts it is the amount that will be subtracted from the FY 2020 base aid amount. This year’s version calculates aid for regional school districts by member community; this is the fourth year that regional school districts are calculated this way to comply with a 2015 Superior Court decision. The calculation is shown in Table 5.
- K.** Column **K** is the amount that districts would receive in the ninth year of the new formula’s implementation pursuant to the ten-year phase in of the formula.
- L.** Column **L** is the difference between the ninth year of funding under the formula shown in column **K** and the total state foundation aid shown in column **H**.

**Table 2: Calculation of Funding Formula for FY 2020**

<i>District</i>	<i>A</i> <i>FY 2020</i> <i>PK-12</i> <i>RADM</i>	<i>B</i> <i>FY 2020</i> <i>Poverty</i> <i>Status</i>	<i>C</i> <i>%</i> <i>Poverty</i> <i>Status</i>	<i>D</i> <i>Core Instruction</i> <i>Funding</i>	<i>E</i> <i>Student Success</i> <i>Factor Funding</i>	<i>F</i> <i>Total</i> <i>Foundation</i>
Barrington	3,367	145	4.3%	\$ 33,235,657	\$ 572,518	\$ 33,808,175
Burrillville	2,249	703	31.3%	22,199,879	2,775,725	24,975,604
Charlestown	818	195	23.8%	8,074,478	769,938	8,844,416
Coventry	4,670	1,405	30.1%	46,097,570	5,547,502	51,645,072
Cranston	10,179	4,103	40.3%	100,476,909	16,200,285	116,677,194
Cumberland	4,564	898	19.7%	45,051,244	3,545,663	48,596,907
East Greenwich	2,480	160	6.5%	24,480,080	631,744	25,111,824
East Providence	5,263	2,669	50.7%	51,951,073	10,538,280	62,489,353
Foster	278	58	20.9%	2,744,138	229,007	2,973,145
Glocester	533	77	14.4%	5,261,243	304,027	5,565,270
Hopkinton	1,103	245	22.2%	10,887,713	967,358	11,855,071
Jamestown	654	56	8.6%	6,455,634	221,110	6,676,744
Johnston	3,288	1,389	42.2%	32,455,848	5,484,328	37,940,176
Lincoln	3,035	779	25.7%	29,958,485	3,075,804	33,034,289
Little Compton	364	54	14.8%	3,593,044	213,214	3,806,258
Middletown	2,199	635	28.9%	21,706,329	2,507,234	24,213,563
Narragansett	1,267	269	21.2%	12,506,557	1,062,120	13,568,677
Newport	2,160	1,371	63.5%	21,321,360	5,413,256	26,734,616
New Shoreham	119	20	16.8%	1,174,649	78,968	1,253,617
North Kingstown	3,757	733	19.5%	37,085,347	2,894,177	39,979,524
North Providence	3,568	1,562	43.8%	35,219,728	6,167,401	41,387,129
North Smithfield	1,707	312	18.3%	16,849,797	1,231,901	18,081,698
Pawtucket	8,631	6,401	74.2%	85,196,601	25,273,708	110,470,309
Portsmouth	2,308	380	16.5%	22,782,268	1,500,392	24,282,660
Providence	22,368	18,986	84.9%	220,794,528	74,964,322	295,758,850
Richmond	1,138	171	15.0%	11,233,198	675,176.40	11,908,374
Scituate	1,313	216	16.5%	12,960,623	852,854	13,813,477
Smithfield	2,387	350	14.7%	23,562,077	1,381,940	24,944,017
South Kingstown	3,075	570	18.5%	30,353,325	2,250,588	32,603,913
Tiverton	1,830	498	27.2%	18,063,930	1,966,303	20,030,233
Warwick	8,906	3,055	34.3%	87,911,126	12,062,362	99,973,488
Westerly	2,806	990	35.3%	27,698,026	3,908,916	31,606,942
West Warwick	3,599	1,804	50.1%	35,525,729	7,122,914	42,648,643
Woonsocket	5,838	4,420	75.7%	57,626,898	17,451,928	75,078,826
Bristol-Warren	3,218	1,092	see	31,764,878	4,311,653	36,076,531
Chariho	-	-	table	-	-	-
Exeter-West Greenwich	1,658	263	below	16,366,118	1,038,429	17,404,547
Foster-Glocester	1,156	217	18.8%	11,410,876	856,803	12,267,679
Central Falls*	2,534	2,394	94.5%	25,013,114	9,452,470	34,465,584
<b>Total</b>	<b>130,387</b>	<b>59,645</b>		<b>\$ 1,287,050,077</b>	<b>\$ 235,502,318</b>	<b>\$ 1,522,552,395</b>
<i>Bristol</i>	<i>1,960</i>	<i>553</i>	<i>28.2%</i>	<i>19,347,160</i>	<i>2,183,465</i>	<i>21,530,625</i>
<i>Warren</i>	<i>1,258</i>	<i>539</i>	<i>42.8%</i>	<i>12,417,718</i>	<i>2,128,188</i>	<i>14,545,906</i>
<i>Exeter</i>	<i>757</i>	<i>137</i>	<i>18.1%</i>	<i>7,472,347</i>	<i>540,931</i>	<i>8,013,278</i>
<i>West Greenwich</i>	<i>901</i>	<i>126</i>	<i>14.0%</i>	<i>8,893,771</i>	<i>497,498</i>	<i>9,391,269</i>
<i>Adjusted Chariho</i>	<i>3,059</i>	<i>611</i>	<i>-</i>	<i>30,195,389</i>	<i>2,412,472</i>	<i>32,607,861</i>

\*This includes a \$7.9 million stabilization fund payment to Central Falls in FY 2019 and \$8.3 million in FY 2020.

**Table 2: Calculation of Funding Formula for FY 2020**

<i>District</i>	<i>G State Share Ratio (Table 4)</i>	<i>H FY 2020 Base Funding</i>	<i>I FY 2019 Enacted Formula Aid</i>	<i>J Adjusted Year Nine Difference (Table 5)</i>	<i>K FY 2020 Recommended Formula Aid</i>	<i>L Difference from Base Funding</i>
Barrington	17.0%	\$ 5,733,900	\$ 5,290,812	\$ 443,088	\$ 5,733,900	\$ -
Burrillville	50.6%	12,645,871	12,310,750	335,121	12,645,871	-
Charlestown	18.2%	1,607,264	1,598,581	8,682	1,607,264	-
Coventry	47.4%	24,505,029	22,643,353	1,861,676	24,505,029	-
Cranston	55.0%	64,163,387	60,596,918	3,566,470	64,163,387	-
Cumberland	43.3%	21,025,844	20,634,323	391,521	21,025,844	-
East Greenwich	9.9%	2,487,529	2,950,351	(462,822)	2,487,529	-
East Providence	58.5%	36,574,399	34,957,824	1,616,575	36,574,399	-
Foster	41.2%	1,224,145	1,101,212	122,933	1,224,145	-
Glocester	37.1%	2,067,106	2,294,441	(113,667)	2,180,774	113,667
Hopkinton	42.6%	5,052,716	5,222,822	(85,053)	5,137,769	85,053
Jamestown	6.3%	420,184	464,161	(43,977)	420,184	-
Johnston	46.8%	17,759,265	17,985,420	(226,156)	17,759,265	-
Lincoln	42.1%	13,918,769	12,031,312	1,887,457	13,918,769	-
Little Compton	11.0%	419,863	355,487	64,376	419,863	-
Middletown	30.7%	7,434,195	7,718,262	(142,034)	7,576,228	142,034
Narragansett	17.0%	2,302,681	2,280,362	22,320	2,302,681	-
Newport	47.8%	12,779,258	12,234,060	545,198	12,779,258	-
New Shoreham	9.3%	117,010	156,532	(39,522)	117,010	-
North Kingstown	24.8%	9,897,375	10,044,602	(73,613)	9,970,989	73,613
North Providence	55.7%	23,063,978	22,862,888	201,090	23,063,978	-
North Smithfield	32.2%	5,816,759	6,040,807	(224,049)	5,816,759	-
Pawtucket	81.3%	89,785,283	87,472,187	2,313,096	89,785,283	-
Portsmouth	13.2%	3,193,701	3,637,712	(222,006)	3,415,706	222,006
Providence	86.8%	256,571,868	250,190,833	6,381,035	256,571,868	-
Richmond	38.6%	4,591,447	4,596,330	(2,442)	4,593,888	2,442
Scituate	16.6%	2,289,415	3,238,501	(474,543)	2,763,958	474,543
Smithfield	23.9%	5,963,577	7,537,638	(1,574,062)	5,963,577	-
South Kingstown	13.9%	4,518,907	5,840,706	(660,899)	5,179,807	660,899
Tiverton	37.1%	7,440,430	6,667,683	772,747	7,440,430	-
Warwick	38.7%	38,688,900	36,725,883	1,963,017	38,688,900	-
Westerly	27.7%	8,760,997	8,566,631	194,366	8,760,997	-
West Warwick	63.4%	27,021,626	26,108,923	912,703	27,021,626	-
Woonsocket	83.0%	62,312,576	62,092,562	220,014	62,312,576	-
Bristol-Warren		12,813,084	13,259,906	(223,412)	13,036,494	223,411
Chariho	See table below	-	76,641	(38,321)	38,321	38,321
Exeter-West Greenwich		5,068,085	4,728,793	362,025	5,090,818	22,734
Foster-Glocester	38.8%	4,762,704	4,576,385	186,319	4,762,704	-
Central Falls*	94.8%	32,668,897	40,752,939	200,247	41,087,651	8,418,754
<b>Total</b>		<b>\$837,468,024</b>	<b>\$ 827,845,533</b>	<b>\$ 19,965,501</b>	<b>\$ 847,945,499</b>	<b>\$ 10,477,477</b>
<i>Bristol</i>	<i>25.6%</i>	<i>5,515,371</i>	<i>5,859,252</i>	<i>(171,940)</i>	<i>5,687,312</i>	<i>171,940</i>
<i>Warren</i>	<i>50.2%</i>	<i>7,297,711</i>	<i>7,400,654</i>	<i>(51,471)</i>	<i>7,349,183</i>	<i>51,471</i>
<i>Exeter</i>	<i>25.9%</i>	<i>2,072,800</i>	<i>2,118,267</i>	<i>(22,734)</i>	<i>2,095,533</i>	<i>22,734</i>
<i>West Greenwich</i>	<i>31.9%</i>	<i>2,995,285</i>	<i>2,610,526</i>	<i>384,759</i>	<i>2,995,285</i>	<i>-</i>
<i>Adjusted Chariho</i>		<i>11,251,426</i>	<i>11,494,374</i>	<i>(117,133)</i>	<i>11,377,242</i>	<i>125,815</i>

\*This includes a \$7.9 million stabilization fund payment to Central Falls in FY 2019 and \$8.3 million in FY 2020.

### **Table 3: Calculation of Group Home Aid for FY 2020**

- A.** Column *A* is the FY 2019 enacted amount of group home aid. The distribution includes \$17,000 per bed with the exception of \$26,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program, both of which are then adjusted for the seven or ten-year phase in.
- B.** Column *B* is the revised current law entitlement based on the December 31, 2018 report from the Department of Children, Youth and Families that identified 324 beds eligible for aid.
- C.** Column *C* shows the Governor's FY 2020 recommendation that assumes a bed count of 324.
- D.** Column *D* is the difference between the FY 2019 enacted aid shown in column *A* and the Governor's FY 2020 recommendation in column *C*.
- E.** Column *E* is the difference between the FY 2019 revised current law entitlement shown in column *B* and the Governor's FY 2020 recommendation in column *C*.

**Table 3: Calculation of Group Home Aid for FY 2020**

<i>District</i>	<i>A</i> <i>FY 2019</i> <i>Enacted</i>	<i>B</i> <i>FY 2019</i> <i>Revised</i>	<i>C</i> <i>FY 2020</i> <i>Governor</i>	<i>D</i> <i>Change to</i> <i>Enacted</i>	<i>E</i> <i>Change to</i> <i>Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	81,848	81,848	80,022	(1,826)	(1,826)
Charlestown	-	-	-	-	-
Coventry	87,528	87,528	83,543	(3,985)	(3,985)
Cranston	39,375	39,375	37,602	(1,773)	(1,773)
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	523,497	523,497	509,554	(13,943)	(13,943)
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	107,866	107,866	89,418	(18,448)	(18,448)
Little Compton	-	-	-	-	-
Middletown	183,909	183,909	-	(183,909)	(183,909)
Narragansett	-	-	-	-	-
Newport	149,465	149,465	145,520	(3,945)	(3,945)
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	150,389	150,389	148,781	(1,608)	(1,608)
North Smithfield	104,209	104,209	100,435	(3,774)	(3,774)
Pawtucket	245,140	245,140	126,901	(118,239)	(118,239)
Portsmouth	465,947	567,947	557,258	91,311	(10,689)
Providence	568,961	568,961	441,024	(127,937)	(127,937)
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	205,184	205,184	219,137	13,953	13,953
South Kingstown	115,989	115,989	118,333	2,344	2,344
Tiverton	-	-	-	-	-
Warwick	286,252	286,252	279,648	(6,604)	(6,604)
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	45,243	45,243	44,244	(999)	(999)
Bristol-Warren	101,418	101,418	90,976	(10,442)	(10,442)
Chariho	-	-	-	-	-
Exeter-West Greenwich	113,526	130,526	125,677	12,151	(4,849)
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	-	-
<b>Total</b>	<b>\$ 3,575,746</b>	<b>\$ 3,694,746</b>	<b>\$ 3,198,073</b>	<b>\$ (377,673)</b>	<b>\$ (496,673)</b>

#### Table 4: Calculation of State Share Ratio

The following table shows the calculation of each community's state share ratio for the purpose of the new education funding formula. The share ratio formula considers the district's ability to generate revenues and its poverty concentration.

**A.** The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2015, is used for FY 2020 calculations. Property value is certified annually by the Department of Revenue's Division of Municipal Finance, based on local sales data and appraisals.

**B.** The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2015, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

The valuations are then adjusted by the ratio that the community's median family income bears to the statewide median family income, as reported in the most recent federal census data. Use of both the property value and the median family income is an attempt to compensate for districts that have significant disparity between median family income and the full value of property. Once community wealth is determined, it is divided by pupil counts to calculate the per pupil wealth for each community compared to the per pupil wealth for the state as a whole.

**C.** The FY 2020 student counts are shown in column **C** based on the resident average daily membership as of June 30, 2018. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

**D.** The resulting relative per pupil community wealth is then multiplied by 0.475 and subtracted from 1.0, yielding the district's share ratio. The result is multiplied by 100 to convert this share ratio to a percentage.

**E.** Column **E** includes the percentage of students in poverty status in pre-kindergarten through 6<sup>th</sup> grade as of June 30, 2018. Poverty status is defined as being at 185 percent of federal poverty guidelines.

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

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

**G.** Column **G** shows what the share ratio was for FY 2019. It uses property valuations as of December 31, 2014 and student counts as of June 30, 2017.

**H.** Column **H** shows the difference between the share ratio for FY 2020 and that for FY 2019.

**Table 4: Calculation of State Share Ratio**

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>Assessed Value 12/31/15</i>	<i>Adjusted EWAV 12/31/15</i>	<i>June 2018 Student Count*</i>	<i>Adjusted EWAV</i>
Barrington	\$ 3,038,657	\$ 4,601,259,072	3,366	23.5%
Bristol	2,842,537,429	2,785,602,001	1,964	20.6%
Burrillville	1,681,891,888	1,564,451,271	2,323	62.3%
Charlestown	2,353,396,361	2,588,709,343	890	0.0%
Coventry	3,361,396,680	3,539,287,492	4,741	58.2%
Cranston	7,374,295,401	6,582,943,336	10,516	65.0%
Cumberland	3,709,982,803	3,920,849,682	5,097	56.9%
East Greenwich	2,396,344,048	3,925,757,951	2,482	11.5%
East Providence	4,392,100,304	3,363,849,720	5,348	64.8%
Exeter	829,191,619	946,150,023	773	31.5%
Foster	227,685,192	226,075,021	278	54.5%
Glocester	423,510,828	473,034,581	534	50.4%
Hopkinton	880,711,943	903,585,835	1,118	54.8%
Jamestown	2,274,384,047	3,010,676,298	662	0.0%
Johnston	2,890,720,281	2,987,477,193	3,375	50.5%
Lincoln	2,883,051,612	2,891,273,451	3,342	51.6%
Little Compton	2,013,355,524	2,596,782,207	364	0.0%
Middletown	2,900,850,007	2,715,493,377	2,205	31.1%
Narragansett	4,680,883,374	6,807,581,514	1,280	0.0%
Newport	6,035,278,080	5,965,268,148	2,174	0.0%
New Shoreham	1,676,826,769	1,769,340,076	119	0.0%
North Kingstown	4,161,345,526	5,251,434,977	3,875	24.2%
North Providence	2,578,512,801	2,358,298,286	3,742	64.7%
North Smithfield	1,637,330,616	1,884,137,952	1,763	40.2%
Pawtucket	3,923,926,105	2,443,124,816	10,635	87.1%
Portsmouth	3,246,778,374	4,156,017,212	2,301	-1.1%
Providence	11,566,235,908	6,486,077,808	27,956	87.0%
Richmond	863,620,971	992,717,110	1,142	51.4%
Scituate	1,581,787,033	1,914,400,023	1,327	19.3%
Smithfield	2,763,944,798	3,010,015,506	2,409	30.1%
South Kingstown	4,657,373,798	5,644,797,813	3,166	0.2%
Tiverton	2,007,531,682	1,886,629,628	1,842	42.7%
Warren	1,203,327,674	1,006,915,597	1,256	55.1%
Warwick	9,537,359,242	9,593,428,927	9,032	40.6%
West Greenwich	891,360,767	941,008,075	906	41.9%
West Warwick	2,185,057,618	1,802,252,749	3,621	72.1%
Westerly	5,904,160,309	5,132,349,768	2,854	0.0%
Woonsocket	1,887,252,772	1,052,557,909	6,318	90.7%
Foster/Glocester	929,088,007	997,006,058	1,158	51.8%
Central Falls	513,387,168	188,104,104	4,201	97.5%
<b>Total</b>	<b>\$ 117,870,814,015</b>	<b>\$ 120,906,721,910</b>	<b>142,455</b>	
<i>*Includes charter and state school students</i>				

**Table 4: Calculation of State Share Ratio**

<i>District</i>	<i>E</i> <i>FY 2018 %</i> <i>Students in</i> <i>Poverty</i>	<i>F</i> <i>FY 2020</i> <i>State Share</i> <i>Ratio</i>	<i>G</i> <i>FY 2019</i> <i>State Share</i> <i>Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	4.8%	17.0%	16.4%	0.6%
Bristol	29.8%	25.6%	24.1%	1.5%
Burrillville	35.3%	50.6%	51.3%	-0.7%
Charlestown	25.7%	18.2%	17.5%	0.7%
Coventry	33.4%	47.4%	46.0%	1.4%
Cranston	42.7%	55.0%	54.3%	0.6%
Cumberland	22.5%	43.3%	44.2%	-0.9%
East Greenwich	8.0%	9.9%	12.3%	-2.4%
East Providence	51.5%	58.5%	58.6%	-0.1%
Exeter	18.6%	25.9%	25.8%	0.0%
Foster	20.5%	41.2%	35.9%	5.3%
Glocester	14.8%	37.1%	39.6%	-2.4%
Hopkinton	25.1%	42.6%	45.3%	-2.7%
Jamestown	8.9%	6.3%	7.3%	-1.0%
Johnston	42.8%	46.8%	49.6%	-2.8%
Lincoln	29.8%	42.1%	38.0%	4.1%
Little Compton	15.6%	11.0%	7.5%	3.5%
Middletown	30.3%	30.7%	32.1%	-1.4%
Narragansett	24.0%	17.0%	17.6%	-0.6%
Newport	67.6%	47.8%	47.9%	-0.1%
New Shoreham	13.2%	9.3%	13.1%	-3.7%
North Kingstown	25.3%	24.8%	22.9%	2.0%
North Providence	45.0%	55.7%	57.6%	-1.9%
North Smithfield	21.3%	32.2%	34.8%	-2.6%
Pawtucket	75.0%	81.3%	82.4%	-1.1%
Portsmouth	18.6%	13.2%	14.1%	-0.9%
Providence	86.5%	86.8%	87.0%	-0.2%
Richmond	18.2%	38.6%	39.0%	-0.4%
Scituate	13.3%	16.6%	19.9%	-3.3%
Smithfield	15.4%	23.9%	31.7%	-7.8%
South Kingstown	19.6%	13.9%	14.7%	-0.8%
Tiverton	30.6%	37.1%	34.9%	2.3%
Warren	44.7%	50.2%	46.4%	3.8%
Warwick	36.7%	38.7%	38.5%	0.2%
West Greenwich	16.7%	31.9%	25.8%	6.1%
West Warwick	53.2%	63.4%	64.1%	-0.8%
Westerly	39.2%	27.7%	27.6%	0.1%
Woonsocket	74.5%	83.0%	86.0%	-3.0%
Foster/Glocester	18.2%	38.8%	38.3%	0.6%
Central Falls	92.2%	94.8%	93.3%	1.5%
<b>Total</b>				

### **Table 5: Transition Plan for Districts**

The funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to ten years. The Department of Elementary and Secondary Education developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. This year's version calculates aid for regional school districts by member community; this is the fourth year that it is calculated this way to comply with a 2015 Superior Court decision. It requires establishing the total gain or loss to each district.

**A.** Column **A** is the amount of formula aid that districts received in the eighth year of the formula's implementation, FY 2019.

**B.** Column **B** is the FY 2020 total base funding calculation.

**C.** Column **C** is the difference between FY 2020 base funding shown in column **B** and the amount of formula aid received in FY 2019 and shown in column **A**.

**D.** Column **D** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2020 is the ninth year of the transition period, column **D** is the same as column **C**. Beginning in FY 2018, only districts receiving less state aid have that remaining loss phased in; the other districts will receive total aid as produced by the formula each year.

**Table 5: Transition Plan for Districts**

<i>District</i>	<i>A</i> <i>FY 2019 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY 2020 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>C or 1/2</i>
Barrington	\$ 5,290,812	\$ 5,733,900	\$ 443,088	\$ 443,088
Burrillville	12,310,750	12,645,871	335,121	335,121
Charlestown	1,598,581	1,607,264	8,682	8,682
Coventry	22,643,353	24,505,029	1,861,676	1,861,676
Cranston	60,596,918	64,163,387	3,566,470	3,566,470
Cumberland	20,634,323	21,025,844	391,521	391,521
East Greenwich	2,950,351	2,487,529	(462,822)	(462,822)
East Providence	34,957,824	36,574,399	1,616,575	1,616,575
Foster	1,101,212	1,224,145	122,933	122,933
Glocester	2,294,441	2,067,106	(227,335)	(113,667)
Hopkinton	5,222,822	5,052,716	(170,106)	(85,053)
Jamestown	464,161	420,184	(43,977)	(43,977)
Johnston	17,985,420	17,759,265	(226,156)	(226,156)
Lincoln	12,031,312	13,918,769	1,887,457	1,887,457
Little Compton	355,487	419,863	64,376	64,376
Middletown	7,718,262	7,434,195	(284,067)	(142,034)
Narragansett	2,280,362	2,302,681	22,320	22,320
Newport	12,234,060	12,779,258	545,198	545,198
New Shoreham	156,532	117,010	(39,522)	(39,522)
North Kingstown	10,044,602	9,897,375	(147,227)	(73,613)
North Providence	22,862,888	23,063,978	201,090	201,090
North Smithfield	6,040,807	5,816,759	(224,049)	(224,049)
Pawtucket	87,472,187	89,785,283	2,313,096	2,313,096
Portsmouth	3,637,712	3,193,701	(444,011)	(222,006)
Providence	250,190,833	256,571,868	6,381,035	6,381,035
Richmond	4,596,330	4,591,447	(4,883)	(2,442)
Scituate	3,238,501	2,289,415	(949,086)	(474,543)
Smithfield	7,537,638	5,963,577	(1,574,062)	(1,574,062)
South Kingstown	5,840,706	4,518,907	(1,321,799)	(660,899)
Tiverton	6,667,683	7,440,430	772,747	772,747
Warwick	36,725,883	38,688,900	1,963,017	1,963,017
Westerly	8,566,631	8,760,997	194,366	194,366
West Warwick	26,108,923	27,021,626	912,703	912,703
Woonsocket	62,092,562	62,312,576	220,014	220,014
Bristol-Warren	13,259,906	12,813,084	(446,823)	(223,412)
Chariho	76,641	-	(76,641)	(38,321)
Exeter-West Greenwich	4,728,793	5,068,085	339,292	362,025
Foster-Glocester	4,576,385	4,762,704	186,319	186,319
Central Falls	32,468,650	32,668,897	200,247	200,247
<b>Total</b>	<b>\$ 819,561,243</b>	<b>\$ 837,468,024</b>	<b>\$ 17,906,779</b>	<b>\$ 19,965,501</b>
<i>Bristol</i>	<i>5,859,252</i>	<i>5,515,371</i>	<i>(343,881)</i>	<i>(171,940)</i>
<i>Warren</i>	<i>7,400,654</i>	<i>7,297,711</i>	<i>(102,943)</i>	<i>(51,471)</i>
<i>Exeter</i>	<i>2,118,267</i>	<i>2,072,800</i>	<i>(45,467)</i>	<i>(22,734)</i>
<i>West Greenwich</i>	<i>2,610,526</i>	<i>2,995,285</i>	<i>384,759</i>	<i>384,759</i>
<i>Adjusted Chariho</i>	<i>11,494,374</i>	<i>11,251,426</i>	<i>(242,949)</i>	<i>(121,474)</i>

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	33	-	-	-
Charlestown	-	-	-	-	-	36
Coventry	-	-	3	-	-	1
Cranston	-	116	5	-	-	-
Cumberland	-	-	32	-	-	-
East Greenwich	-	-	1	-	-	3
East Providence	-	-	3	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	3
Johnston	-	-	6	-	-	-
Lincoln	-	-	13	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	4
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	2	-	-	38
North Providence	-	55	9	1	-	-
North Smithfield	-	-	21	-	-	-
Pawtucket	-	-	15	163	-	-
Portsmouth	-	-	-	-	-	-
Providence	195	1,129	21	58	126	2
Richmond	-	-	-	-	-	-
Scituate	-	-	7	-	-	-
Smithfield	-	-	5	-	-	-
South Kingstown	-	-	-	-	-	37
Tiverton	-	-	-	-	-	-
Warwick	-	32	19	-	-	1
Westerly	-	-	1	-	-	30
West Warwick	-	-	3	-	-	-
Woonsocket	-	-	179	-	-	-
Bristol-Warren	-	-	1	-	-	-
Exeter-West Greenwich	-	-	-	-	-	18
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	5	122	-	-
<b>Total</b>	<b>195</b>	<b>1,332</b>	<b>384</b>	<b>344</b>	<b>126</b>	<b>173</b>
<i>Adjusted Chariho</i>	-	-	-	-	-	36

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	-	-	-	-	-	-
Burrillville	-	1	-	-	-	-
Charlestown	2	-	-	-	36	-
Coventry	42	-	-	-	12	-
Cranston	13	75	-	23	1	4
Cumberland	1	2	-	9	-	1
East Greenwich	4	-	-	2	-	-
East Providence	1	13	-	30	3	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	5	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	3	20	-	2	-	2
Lincoln	-	5	-	2	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	1	-
Narragansett	2	-	-	-	7	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	10	-	-	1	58	-
North Providence	-	5	14	16	-	-
North Smithfield	-	-	-	-	-	2
Pawtucket	18	56	-	145	2	119
Portsmouth	-	-	-	-	-	-
Providence	21	415	202	103	1	117
Richmond	5	-	-	-	-	-
Scituate	1	-	-	-	-	-
Smithfield	-	-	-	1	2	-
South Kingstown	9	-	-	-	33	-
Tiverton	-	-	-	-	-	-
Warwick	16	-	-	5	11	2
Westerly	9	-	-	-	12	-
West Warwick	9	-	-	3	3	-
Woonsocket	-	5	-	3	-	-
Bristol-Warren	-	2	-	-	-	-
Exeter-West Greenwich	4	-	-	-	8	-
Foster-Glocester	2	1	-	-	-	-
Central Falls	21	12	-	33	-	332
<b>Total</b>	<b>198</b>	<b>612</b>	<b>216</b>	<b>378</b>	<b>190</b>	<b>579</b>
<i>Adjusted Chariho</i>	<i>12</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36</i>	<i>-</i>

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>
Barrington	-	1	-	-	-	-
Burrillville	-	-	-	-	-	41
Charlestown	-	-	-	-	-	-
Coventry	2	-	-	-	-	-
Cranston	87	6	15	-	-	-
Cumberland	-	-	-	-	476	-
East Greenwich	-	-	-	-	-	-
East Providence	2	1	5	-	2	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	9	1	5	-	-	-
Lincoln	-	-	4	-	236	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	1	-	1	-	-	-
North Providence	-	1	5	-	1	-
North Smithfield	-	-	-	-	-	43
Pawtucket	3	26	21	-	787	-
Portsmouth	-	1	-	-	-	-
Providence	26	75	181	796	5	1
Richmond	-	-	-	-	-	-
Scituate	2	-	-	-	-	-
Smithfield	-	-	-	-	1	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	14	1	6	-	-	-
Westerly	-	-	-	-	-	-
West Warwick	4	-	-	-	-	-
Woonsocket	3	20	10	-	-	200
Bristol-Warren	-	-	2	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	5	25	10	-	579	-
<b>Total</b>	<b>158</b>	<b>158</b>	<b>265</b>	<b>796</b>	<b>2,087</b>	<b>285</b>
<i>Adjusted Chariho</i>	-	-	-	-	-	-

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>	<i>Wangari Mathai</i>
Barrington	-	-	-	-	2	-
Burrillville	-	-	-	-	-	-
Charlestown	-	-	-	-	-	-
Coventry	-	-	-	-	1	-
Cranston	-	-	-	-	18	-
Cumberland	-	-	-	-	3	-
East Greenwich	-	-	-	-	-	-
East Providence	-	-	-	-	5	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	-	-	-	-	3	-
Lincoln	-	-	-	-	1	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	-	-	-	-	5	-
North Smithfield	-	-	-	-	2	-
Pawtucket	-	-	-	-	15	-
Portsmouth	-	-	-	-	-	-
Providence	-	144	727	204	153	144
Richmond	-	-	-	-	1	-
Scituate	-	-	-	-	-	-
Smithfield	-	-	-	-	1	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	-	-	-	-	11	-
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	2	-
Woonsocket	-	-	-	-	1	-
Bristol-Warren	-	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	237	-	-	-	1	-
<b>Total</b>	<b>237</b>	<b>144</b>	<b>727</b>	<b>204</b>	<b>225</b>	<b>144</b>
<i>Adjusted Chariho</i>	-	-	-	-	1	-

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>Davies Career &amp; Tech Center</i>	<i>Metropolitan Career &amp; Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School Percentage of Total Enrollment</i>
Barrington	-	3	-	6	0.2%
Burrillville	1	3	-	79	3.4%
Charlestown	-	4	-	78	8.7%
Coventry	-	3	-	64	1.4%
Cranston	4	28	4	399	3.8%
Cumberland	9	6	-	539	10.6%
East Greenwich	-	4	-	14	0.6%
East Providence	4	32	-	101	1.9%
Foster	-	-	-	-	0.0%
Glocester	-	-	-	-	0.0%
Hopkinton	-	2	-	7	0.6%
Jamestown	-	6	-	9	1.4%
Johnston	4	12	-	67	2.0%
Lincoln	36	2	-	299	9.0%
Little Compton	-	2	-	2	0.5%
Middletown	-	10	-	11	0.5%
Narragansett	-	4	-	17	1.3%
Newport	-	24	-	24	1.1%
New Shoreham	-	-	-	-	0.0%
North Kingstown	-	21	-	132	3.4%
North Providence	56	6	-	174	4.6%
North Smithfield	-	1	-	69	3.9%
Pawtucket	525	46	-	1,941	18.4%
Portsmouth	-	8	-	9	0.4%
Providence	52	378	120	5,396	19.4%
Richmond	-	4	-	10	0.9%
Scituate	-	2	-	12	0.9%
Smithfield	16	2	-	28	1.2%
South Kingstown	-	14	-	93	2.9%
Tiverton	-	15	-	15	0.8%
Warwick	2	19	-	139	0.1%
Westerly	-	-	-	52	1.8%
West Warwick	-	10	-	34	0.9%
Woonsocket	5	50	-	476	7.5%
Bristol-Warren	-	9	-	14	0.4%
Exeter-West Greenwich	-	-	-	30	1.8%
Foster-Glocester	-	3	-	6	0.5%
Central Falls	134	46	11	1,573	38.3%
<b>Total</b>	<b>848</b>	<b>779</b>	<b>135</b>	<b>11,919</b>	<b>5.1%</b>
<i>Adjusted Chariho</i>	-	10	-	95	2.8%

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

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	180,927	-	-	-
Charlestown	-	-	-	-	-	66,730
Coventry	-	-	14,051	-	-	4,684
Cranston	-	794,701	29,313	-	-	-
Cumberland	-	-	157,164	-	-	-
East Greenwich	-	-	1,369	-	-	2,933
East Providence	-	-	17,332	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	2,112
Johnston	-	-	31,419	-	-	-
Lincoln	-	-	55,732	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	6,701
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	5,865	-	-	92,860
North Providence	-	364,156	53,908	7,701	-	-
North Smithfield	-	-	71,765	-	-	-
Pawtucket	-	-	129,968	1,705,627	-	-
Portsmouth	-	-	-	-	-	-
Providence	2,193,873	12,962,863	227,779	671,349	1,445,456	17,126
Richmond	-	-	-	-	-	-
Scituate	-	-	12,106	-	-	-
Smithfield	-	-	12,744	-	-	-
South Kingstown	-	-	-	-	-	51,715
Tiverton	-	-	-	-	-	-
Warwick	-	154,328	83,276	-	-	3,820
Westerly	-	-	2,736	-	-	85,366
West Warwick	-	-	21,264	-	-	-
Woonsocket	-	-	1,807,278	-	-	-
Bristol-Warren	-	-	2,529	-	-	-
Exeter-West Greenwich	-	-	-	-	-	46,555
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	61,818	1,528,580	-	-
<b>Total</b>	<b>\$ 2,193,873</b>	<b>\$ 14,276,047</b>	<b>\$ 2,980,342</b>	<b>\$ 3,913,257</b>	<b>\$ 1,445,456</b>	<b>\$ 380,602</b>

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

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	4,998	-	-	-	-
Charlestown	4,305	-	-	-	70,318	-
Coventry	213,576	-	-	-	58,078	-
Cranston	77,082	517,858	-	140,050	5,428	21,713
Cumberland	5,979	8,542	-	45,270	-	4,271
East Greenwich	4,302	-	-	1,956	-	-
East Providence	5,777	100,527	-	191,810	17,332	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	22,718	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	15,710	105,347	-	11,089	-	9,241
Lincoln	-	27,450	-	11,645	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	3,031	-
Narragansett	4,020	-	-	3,421	13,736	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	27,369	-	-	-	151,508	-
North Providence	-	34,105	83,613	105,616	-	-
North Smithfield	-	-	-	-	-	6,351
Pawtucket	182,918	577,635	-	1,503,455	19,254	1,243,519
Portsmouth	-	-	-	-	-	-
Providence	231,204	4,673,755	2,185,310	1,046,414	8,563	1,320,434
Richmond	20,552	-	-	-	-	-
Scituate	2,290	-	-	-	-	-
Smithfield	-	-	-	2,360	4,720	-
South Kingstown	12,313	-	-	-	48,432	-
Tiverton	-	-	-	-	-	-
Warwick	64,176	-	-	26,740	42,020	7,640
Westerly	25,719	-	-	-	35,022	-
West Warwick	58,789	-	-	18,762	18,762	-
Woonsocket	-	57,348	-	34,409	-	-
Bristol-Warren	-	5,057	-	-	-	-
Exeter-West Greenwich	11,404	-	-	-	21,617	-
Foster-Glocester	7,664	5,365	-	-	-	-
Central Falls	256,637	157,354	-	421,483	-	4,222,327
<b>Total</b>	<b>\$ 1,254,504</b>	<b>\$ 6,275,340</b>	<b>\$ 2,268,923</b>	<b>\$ 3,564,480</b>	<b>\$ 517,821</b>	<b>\$ 6,835,496</b>

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

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>
Barrington	\$ -	\$ 2,344	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-	232,906
Charlestown	-	-	-	-	-	-
Coventry	13,114	-	-	-	-	-
Cranston	602,539	45,598	103,137	-	-	-
Cumberland	-	-	-	-	2,364,297	-
East Greenwich	-	-	-	-	-	-
East Providence	11,555	8,088	35,820	-	11,555	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	52,673	6,469	30,495	-	-	-
Lincoln	-	-	21,627	-	1,129,605	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	2,444	-	2,444	-	-	-
North Providence	-	5,501	36,306	-	-	-
North Smithfield	-	-	-	-	5,501	145,435
Pawtucket	33,695	282,399	226,240	-	8,120,580	-
Portsmouth	-	1,298	-	-	-	-
Providence	301,422	885,427	2,115,093	8,915,989	53,091	8,563
Richmond	-	-	-	-	-	-
Scituate	3,272	-	-	-	-	-
Smithfield	-	-	-	-	2,360	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	65,704	5,348	29,032	-	-	-
Westerly	-	-	-	-	-	-
West Warwick	30,020	-	-	-	-	-
Woonsocket	34,409	226,115	111,419	-	-	2,035,031
Bristol-Warren	-	-	7,080	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	65,564	324,074	127,382	-	7,322,571	-
<b>Total</b>	<b>\$1,216,412</b>	<b>\$ 1,792,660</b>	<b>\$ 2,846,074</b>	<b>\$ 8,915,989</b>	<b>19,009,561</b>	<b>\$ 2,421,934</b>

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

<i>Sending District</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ 3,348
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	4,684
Cranston	-	-	-	-	130,279
Cumberland	-	-	-	-	14,521
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	40,442
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	19,406
Lincoln	-	-	-	-	5,823
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	36,306
North Smithfield	-	-	-	-	6,351
Pawtucket	-	-	-	-	165,268
Portsmouth	-	-	-	-	-
Providence	-	1,630,420	8,253,143	2,356,573	1,817,096
Richmond	-	-	-	-	5,328
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	3,304
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	49,660
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	17,512
Woonsocket	-	-	-	-	11,470
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	3,006,581	-	-	-	13,113
<b>Total</b>	<b>\$ 3,006,581</b>	<b>\$ 1,630,420</b>	<b>\$ 8,253,143</b>	<b>\$ 2,356,573</b>	<b>\$ 2,343,908</b>

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

<i>Sending District</i>	<i>Wangari Mathai</i>	<i>Davies Career and Tech Center</i>	<i>Metropolitan Career and Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 5,022	\$ -	\$ 10,714
Burrillville	-	4,998	20,991	-	444,820
Charlestown	-	-	7,175	-	148,528
Coventry	-	-	14,051	-	322,238
Cranston	-	28,227	193,247	28,227	2,717,399
Cumberland	-	41,854	34,166	-	2,676,064
East Greenwich	-	-	3,911	-	14,471
East Providence	-	30,042	228,785	-	699,065
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	4,207	-	26,925
Jamestown	-	-	3,727	-	5,839
Johnston	-	18,482	68,383	-	368,714
Lincoln	-	169,690	8,318	-	1,429,890
Little Compton	-	-	2,613	-	2,613
Middletown	-	-	32,731	-	35,762
Narragansett	-	-	7,371	-	35,249
Newport	-	-	132,115	-	132,115
New Shoreham	-	-	-	-	-
North Kingstown	-	-	54,250	-	336,740
North Providence	-	367,457	37,406	-	1,132,075
North Smithfield	-	-	4,446	-	239,849
Pawtucket	-	5,216,362	462,108	-	19,869,028
Portsmouth	-	-	11,425	-	12,723
Providence	1,650,971	568,592	4,240,461	1,373,526	61,154,493
Richmond	-	-	15,224	-	41,104
Scituate	-	-	3,272	-	20,940
Smithfield	-	40,591	5,664	-	71,743
South Kingstown	-	-	19,701	-	132,161
Tiverton	-	-	62,334	-	62,334
Warwick	-	9,168	83,276	-	624,188
Westerly	-	-	-	-	148,843
West Warwick	-	-	80,053	-	245,162
Woonsocket	-	54,071	517,769	-	4,889,319
Bristol-Warren	-	-	33,021	-	47,687
Exeter-West Greenwich	-	-	2,553	-	82,129
Foster-Glocester	-	-	13,030	-	26,059
Central Falls	-	1,644,722	539,499	133,001	19,824,706
<b>Total</b>	<b>\$ 1,650,970</b>	<b>\$ 8,194,255</b>	<b>\$ 6,952,304</b>	<b>\$ 1,534,754</b>	<b>\$ 118,031,691</b>

**Table 8: Recommended Categorical Aid for FY 2020**

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>ELL</i>	<i>Non-Public Transportation</i>	<i>Regional Transportation</i>	<i>Total</i>
Barrington	\$ 86,831	\$ 2,490	\$ 89,901	\$ -	\$ 179,222
Burrillville	99,609	892	57,537	-	158,038
Charlestown	-	320	-	-	320
Coventry	31,586	5,293	9,887	-	46,766
Cranston	358,443	141,104	767,021	-	1,266,568
Cumberland	52,066	23,118	64,197	-	139,381
East Greenwich	127,445	640	65,132	-	193,217
East Providence	240,520	57,735	2,056	-	300,311
Foster	48,539	-	16,679	-	65,218
Glocester	89,319	-	18,702	-	108,021
Hopkinton	-	250	-	-	250
Jamestown	40,076	-	-	-	40,076
Johnston	154,382	30,507	210,445	-	395,334
Lincoln	53,230	6,432	-	-	59,662
Little Compton	-	65	-	-	65
Middletown	46,830	12,439	-	-	59,269
Narragansett	37,420	498	-	-	37,918
Newport	4,318	53,888	-	-	58,206
New Shoreham	1,875	493	-	-	2,368
North Kingstown	68,817	6,541	-	-	75,358
North Providence	162,128	30,103	145,220	-	337,451
North Smithfield	54,110	2,456	10,923	-	67,489
Pawtucket	906,355	461,946	187,773	-	1,556,074
Portsmouth	62,428	463	-	-	62,891
Providence	731,507	2,984,872	314,329	-	4,030,708
Richmond	-	226	-	-	226
Scituate	31,792	-	25,059	-	56,851
Smithfield	70,005	1,263	85,863	-	157,131
South Kingstown	97,103	3,092	112,448	-	212,643
Tiverton	71,478	1,527	-	-	73,005
Warwick	275,420	22,495	4,249	-	302,164
Westerly	100,789	5,534	-	-	106,323
West Warwick	-	20,833	64,184	-	85,017
Woonsocket	61,743	255,356	12,488	-	329,587
Bristol-Warren	95,476	8,461	302,735	1,208,210	1,614,882
Chariho	80,119	-	307,037	1,629,182	2,016,338
Exeter-West Greenwich	42,047	1,473	122,608	1,030,355	1,196,483
Foster-Glocester	58,113	-	-	504,929	563,042
Central Falls	54,570	425,097	42,211	-	521,878
<b>Subtotal</b>	<b>\$ 4,496,489</b>	<b>\$ 4,567,902</b>	<b>\$ 3,038,684</b>	<b>\$ 4,372,676</b>	<b>\$ 16,475,751</b>
Charters & State Schools	3,511	432,097	-	-	435,608
<b>Total</b>	<b>\$ 4,500,000</b>	<b>\$ 5,000,000</b>	<b>\$ 3,038,684</b>	<b>\$ 4,372,676</b>	<b>\$ 16,911,359</b>

**Table 9: Education Aid for FY 2014 – FY 2018**

<i>District</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Barrington	\$ 3,971,797	\$ 4,701,418	\$ 5,157,096	\$ 5,551,766	\$ 5,347,807
Burrillville	13,063,243	13,173,610	13,301,214	13,111,036	13,185,862
Charlestown	1,706,995	1,708,666	1,706,421	1,683,295	1,667,742
Coventry	20,348,442	21,039,824	21,919,203	23,602,823	23,202,975
Cranston	43,347,609	47,040,378	51,129,521	56,028,985	59,005,591
Cumberland	14,705,457	15,756,436	16,689,944	17,980,588	19,188,663
East Greenwich	2,323,568	2,469,555	2,911,567	2,810,467	2,739,941
East Providence	28,082,665	29,373,000	31,094,815	33,101,436	35,519,125
Foster	1,204,783	1,193,192	1,206,855	1,199,424	1,207,049
Glocester	2,705,444	2,640,483	2,546,606	2,546,748	2,407,384
Hopkinton	5,515,535	5,576,348	5,470,735	5,386,069	5,273,139
Jamestown	361,936	406,834	456,252	473,875	473,751
Johnston	11,997,593	13,192,809	14,241,390	16,142,240	18,638,808
Lincoln	8,990,606	9,855,862	10,434,249	11,192,952	12,510,493
Little Compton	365,270	401,928	398,464	413,267	397,113
Middletown	9,109,276	8,905,309	8,723,282	8,621,818	8,262,827
Narragansett	1,805,079	1,993,920	2,154,808	2,150,151	2,139,471
Newport	10,656,332	10,623,202	10,597,219	10,938,355	11,589,919
New Shoreham	81,762	91,103	103,748	131,168	142,068
North Kingstown	10,796,604	10,725,467	10,693,934	10,897,112	10,749,543
North Providence	15,094,386	16,607,860	18,350,725	20,168,707	22,019,145
North Smithfield	5,400,054	5,587,845	5,824,568	6,177,521	6,025,062
Pawtucket	71,459,692	74,842,935	78,877,331	83,927,607	89,154,022
Portsmouth	5,128,661	4,882,427	4,797,771	4,787,381	4,476,100
Providence	206,273,348	215,122,639	223,060,894	235,212,373	248,790,857
Richmond	5,335,436	5,205,437	5,063,630	4,840,982	4,676,150
Scituate	3,720,471	3,960,437	3,974,844	3,794,601	3,612,503
Smithfield	4,985,793	5,115,212	5,348,196	5,961,894	6,341,204
South Kingstown	8,154,486	7,977,157	7,757,160	7,485,517	6,955,455
Tiverton	5,775,390	5,828,165	6,068,532	6,284,270	6,531,284
Warwick	35,164,250	36,064,777	36,764,894	38,252,322	39,146,338
Westerly	7,164,219	7,704,193	8,418,818	8,904,660	8,851,953
West Warwick	20,309,057	21,027,603	21,881,242	23,082,050	24,376,898
Woonsocket	48,170,444	50,690,278	53,233,700	56,340,793	59,646,576
Bristol-Warren	17,089,869	16,749,945	16,207,317	16,003,657	15,727,351
Exeter-West Greenwich	6,639,220	6,637,627	6,230,076	1,810,108	2,010,375
Chariho	1,127,409	1,316,445	1,322,688	6,384,057	6,190,095
Foster-Glocester	5,213,358	5,204,461	5,113,855	5,130,308	5,030,941
Central Falls	38,451,858	39,085,004	39,597,253	39,687,299	40,320,646
<b><i>District Subtotal</i></b>	<b>\$ 701,797,397</b>	<b>\$ 730,479,794</b>	<b>\$ 758,830,818</b>	<b>\$ 798,199,682</b>	<b>\$ 833,532,225</b>
Charter Schools	55,057,928	59,055,781	67,474,258	75,055,934	82,958,017
State Schools	24,173,800	23,299,251	22,300,780	23,047,390	24,261,167
<b>Total</b>	<b>\$ 781,029,125</b>	<b>\$ 812,834,826</b>	<b>\$ 848,605,856</b>	<b>\$ 896,303,006</b>	<b>\$ 940,751,409</b>



## Revenues Changes

The Governor recommends \$16.2 million and \$248.6 million more general revenues than estimated at the November 2018 Revenue Estimating Conference for FY 2019 and FY 2020, respectively.

<b>Recommended General Revenues Changes</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Taxes</b>		
Research and Development Tax Credit	\$ -	\$ (1,300,000)
Hospice Care Rate Applicability	(126,650)	(302,500)
Medicaid Spending Proposals	-	(814,600)
Remote Seller Marketplace Collections	-	11,548,847
Sales Tax Expansion	-	10,817,967
Tobacco Regulation Changes	-	4,080,701
Medicaid Employer Assessment	-	15,598,337
Marijuana Regulation Program Changes	-	4,490,733
<b>Total Taxes</b>	<b>\$ (126,650)</b>	<b>\$ 44,119,485</b>
<b>Departmental Revenues</b>		
Reinstitute Hospital Licensing Fee at 6 Percent	\$ -	\$ 180,804,665
Hotel Tax 1 Percent Increase	-	4,352,623
Marijuana Regulation Program Changes	-	1,686,035
Debt Collector Fees	-	577,850
Mortgage Loan Originator Licensing Fee	-	1,247,400
License Plate Reissuance	-	(1,813,170)
Cigarette and e-Cigarette Dealer Licensing Fee	-	535,000
DEM Parks and Recreation Fees	-	1,534,896
Beverage Container Case Fee	-	2,117,450
Hard-to-Dispose Materials Fee	-	1,000,000
Oversized and Overweight Vehicle Permits	-	501,840
Municipal Tax Block Fee	-	406,250
Firearms and Ammunition Excise Tax	-	804,305
Distance Learning Fees to Restricted Receipts	-	(86,500)
<b>Total Departmental Revenues</b>	<b>\$ -</b>	<b>\$ 193,668,644</b>
<b>Other Revenue</b>		
Remote Sports Betting	\$ -	\$ 2,968,366
Lottery Products via Mobile App	-	900,956
Lottery Transfer Adjustment	(128,364)	(1,100,000)
Marijuana Regulation Program Changes	-	330,000
Division of Collections	-	750,000
Infrastructure Bank	-	4,000,000
Rhode Island Housing	2,500,000	1,500,000
Resource Recovery Corporation	5,000,000	-
RI Health & Educational Building Corporation	2,000,000	-
Rhode Island Student Loan Authority	1,500,000	1,500,000
Quonset Development Corporation	2,000,000	-
DEM Unexpended Bond Funds	1,427,185	-
OSPAR Fund	1,000,000	-
Underground Storage Tank Fund	1,000,000	-
<b>Total Other Revenues</b>	<b>\$ 16,298,821</b>	<b>\$ 10,849,322</b>
<b>Total General Revenues Changes</b>	<b>\$ 16,172,171</b>	<b>\$ 248,637,451</b>

The previous table shows the Governor’s recommended changes. The items are explained in the pages that follow.

**Taxes.** The Governor’s budget includes \$0.1 million less in tax revenues for FY 2019 from rescinding the rate increase applied to hospice care in a nursing home. The recommendation for FY 2020 also assumes new revenues of \$44.1 million, of which \$10.8 million is from expanding application of the sales tax.

- **Research and Development Tax Credit.** The Governor’s budget reduces general revenues by \$1.3 million for a transferrable tax credit program to assist businesses with costs associated with research and development investments made within the state. The proposal allows a 15-year carry-forward for investments made after June 30, 2019. It also extends the carry-forward for the state’s existing research and development tax credit from 7 years to 15 years.

- **Hospice Care Rate Applicability.** The Governor’s budget assumes a revenue loss of \$0.1 million for FY 2019 and \$0.3 million for FY 2020 from rescinding the 20 percent rate increase applied to hospice care in a nursing home. The Executive Office of Health and Human Services interpreted a 20 percent increase for direct hospice care would be applied to the room and board rate that is paid by the hospice provider as a pass through to the nursing facility. This occurs when a nursing home resident is under the care of a hospice agency. The November caseload estimate funded the increase, and the Governor’s budget assumes savings from eliminating it which lowers nursing home expenses and the corresponding revenues collected.

- **Medicaid Spending Proposals.** The Governor’s budget contains a series of proposals to reduce Medicaid expenditures delivered through managed care plans and nursing facilities. Those entities are taxed on gross revenues therefore a reduction in taxes would also occur. The recommendation assumes that these proposals will reduce revenue from managed care organizations through the 2.0 percent provider tax by \$0.4 million. The estimated loss from the 5.5 percent nursing facilities provider tax is \$0.4 million.

- **Remote Seller Marketplace Collections.** The Governor’s budget assumes \$11.5 million in revenues from extending the requirement to collect and remit sales taxes to additional entities, consistent with the Supreme Court of the United States *South Dakota vs. Wayfair* decision. The proposal seeks to close the last exclusion for collections and better compel entities to collect and remit the tax due under current law. This legislation would have to become law no later than April 1, 2019 because the proposal requires 90 days of lead time for regulatory purposes. The budget also assumes \$0.3 million in additional staffing expenses related to enforcement of this proposal.

- **Sales Tax Expansion.** The Governor’s budget assumes \$10.8 million in new revenues from the proposed expansion of the state’s 7.0 percent sales tax to include additional services. Distinct items are noted separately below. Additionally, the budget assumes \$0.6 million of implementation costs.

<b>Sales Tax Expansion</b>	<b>FY 2020</b>
Hunting, Trapping, & Shooting Ranges	\$ 604,088
Digital Downloads	2,625,758
Lobbying Services	942,274
Interior Design Services	460,999
Services to Buildings	6,184,848
<b>Total Revenues</b>	<b>\$ 10,817,967</b>
Staffing (3.0 FTE)	\$ (302,299)
Operations	(250,000)
<b>Total Expenses</b>	<b>\$ (552,299)</b>
<b>Net Revenues</b>	<b>\$ 10,265,668</b>

The legislation calls for an effective date of October 1, 2019 though it appears this is not consistently reflected in the estimates.

*Sales Tax on Hunting, Trapping, and Shooting Services.* The Governor’s budget assumes \$0.6 million in revenues associated with the expansion of the state sales tax to include commercial hunting and trapping retreats and preserves, as well as shooting ranges for archery and firearms, including memberships to shooting clubs, effective October 1, 2019.

*Sales Tax on Digital Products.* The Governor’s budget assumes \$2.6 million in revenues from expanding the state sales tax to include online streaming or subscription services, including videos, music, books and ringtones, whether the purchaser retains permanent or term-limited access to the product, effective October 1, 2019.

*Sales Tax on Lobbying Services.* The Governor’s budget assumes \$0.9 million in revenues associated with the expansion of the state sales tax to include lobbying services within the state, effective October 1, 2019. The Budget Office has since noted this estimate was overstated and would only be \$0.3 million.

*Sales Tax on Interior Design Services.* The Governor’s budget assumes \$0.5 million in revenues associated with the expansion of the state sales tax to include interior design services within the state, effective October 1, 2019. The Budget Office has since noted this estimate assumed a January start and would actually be \$0.8 million based on the October effective date.

*Sales Tax on Commercial Building Services.* The Governor’s budget assumes \$6.2 million in revenues associated with the expansion of the state sales tax to include extermination, janitorial, landscaping, carpet and upholstery cleaning, and other building services for commercial buildings, effective October 1, 2019. The proposal excludes residentially-zoned property, and properties for which more than half the square footage is non-commercial. The Budget Office has since noted this estimate assumed a January start and would actually be \$10.1 million based on the October effective date.

- ***Tobacco Regulation Changes.*** The Governor’s budget assumes \$4.6 million in revenues related to tobacco, including \$4.1 million in new taxes and \$0.5 million from increased license fees. The budget also includes \$0.4 million for staffing related to the e-cigarette component. Specific proposals are described below.

<b>Tobacco Regulation Changes</b>	<b>FY 2020</b>
<b>New Sales and Use Taxes</b>	
Cigarette Tax	\$ 3,079,250
Cigar Tax Cap from 50 to 80 Cents	647,705
e-Cigarette Wholesale Tax	353,746
<i>Taxes Subtotal</i>	<i>\$ 4,080,701</i>
<b>Departmental Receipts</b>	
Cigarette & e-Cigarette Dealer Licensing Fee	\$ 535,000
<b>Total Revenues</b>	<b>\$ 4,615,701</b>
E-Cigarette Staffing (4.0 FTE)	\$ (379,964)
<b>Net Revenues</b>	<b>\$ 4,235,737</b>

*Cigarette Tax.* The Governor’s budget assumes \$3.1 million in revenues from a proposal to increase the cigarette tax by \$0.25, to \$4.50 per 20-pack, effective August 1, 2019. The Office of Revenue Analysis estimates a final retail price per pack of \$10.82, which is \$0.60 cents less than in Massachusetts, and \$0.34 less than Connecticut, both of which have higher minimum markup provisions. The recommendation assumes tobacco tax collections of \$3.1 million, including \$2.5 million from the excise tax increase and

\$0.7 million from the floor tax applied to inventory held as of August 1, 2019, and an associated loss of \$0.1 million from sales tax collections. The tax was last raised \$0.50, effective August 1, 2017.

*Cigar Tax Cap Increase.* The Governor's budget assumes \$0.6 million in revenues associated with raising the per cigar tax cap. Under current law cigars are taxed at 80.0 percent, capped at \$0.50; the Governor proposes to raise the cap from \$0.50 to \$0.80, effective August 1, 2019. The cap was originally established by the 2006 Assembly with a 40.0 percent tax rate; the 2009 Assembly raised the rate to 80.0 percent.

*E-Cigarette Wholesale Tax.* The Governor's budget assumes \$0.4 million in revenues associated with proposed legislation to impose a 40.0 percent wholesale tax on electronic nicotine delivery systems, effective September 1, 2019. Electronic nicotine delivery systems include electronic implements for the delivery of nicotine or other substances, or e-liquid, or other components.

*Cigarette and e-Cigarette Dealer Licensing.* The Governor's budget includes \$0.5 million in new departmental receipts from several changes to the state's cigarette licensing fees including increasing the dealer's application fee from \$25 to \$75, increasing the initial licensing fee from \$100 to \$250 and increasing the renewal fee from \$25 to \$250. Licensing would also be expanded to make dealers of e-cigarette products subject to this fee. The Governor's executive summary describes a fee increase to \$400; however, as drafted the fee is raised to \$250. It appears the revenue estimate assumes the higher \$400 fee. The fee has been unchanged for over 25 years.

- ***Medicaid Employer Assessment.*** The Governor's budget includes \$15.6 million in new revenues from imposing a 10.0 percent assessment on for-profit employers with 300 or more employees for each employee who is enrolled in the state's Medicaid program. The payment is capped at \$1,500 per employee per year. These revenues are offset by \$1.1 million of expenses for implementation.

- ***Marijuana Regulation Program Changes.*** The Governor's budget assumes \$6.5 million in new revenues from changes to the state's regulation of marijuana, both from changes to the medical marijuana program and the adoption of a 21 and older adult use program. It further establishes a tax structure of excise and sales taxes for marijuana and related products and gives the Division of Taxation authority to collect these taxes. Changes include establishing six new compassion centers, tightening the eligibility for home cultivation and reducing the number of permissible plants, and establishing, refining, or making distinct licenses for the growth, production, processing, transportation, and sale of associated products. The additional revenues include \$1.8 million in sales taxes, \$2.7 million from new excise taxes and \$1.7 million from departmental receipts including the existing 4.0 percent surcharge. Changes to the medical marijuana program are estimated to increase deposits into the medical marijuana restricted receipt account from which regulatory expenses are paid. Those revenues are expected to exceed expenditures by \$0.3 million which would be part of the annual transfer to state general revenues.

The assumed tax collections associated with these changes total \$4.5 million, of which \$0.8 million is increased medical marijuana sales tax collections associated with additional compassion centers and plant count restrictions; permitting adult use of marijuana products is estimated to increase collections by \$2.7 million from new excise taxes, and \$1.0 million from new sales taxes.

<b>Marijuana Revenues</b>	<b>Medical</b>	<b>Adult Use</b>	<b>FY 2020</b>
<b>New Sales and Use Taxes</b>			
6 Retail-Only Compassion Centers	\$ 505,926	\$ -	\$ 505,926
Restricted Home Cultivation	288,378	-	288,378
Adult Use Collections	-	1,002,130	1,002,130
<i>Taxes Subtotal</i>	<i>\$ 794,304</i>	<i>\$ 1,002,130</i>	<i>\$ 1,796,434</i>
<b>Departmental Receipts</b>			
6 Retail-Only Compassion Center Surcharges	\$ 289,100	\$ -	\$ 289,100
Restricted Home Cultivation Surcharges	164,787	-	164,787
Licensing Fees	-	1,232,148	1,232,148
<i>Departmental Receipts Subtotal</i>	<i>\$ 453,887</i>	<i>\$ 1,232,148</i>	<i>\$ 1,686,035</i>
<b>Other Revenues</b>			
Transfer of Excess Medical Marijuana Receipts	\$ 330,000	\$ -	\$ 330,000
Hemp-Derived CBD Products 80%	-	100,854	100,854
Weight-Based (\$10/oz flower; \$3/oz trim)	-	1,161,830	1,161,830
Retail Excise 10%	-	1,431,615	1,431,615
<i>Other Revenues Subtotal</i>	<i>\$ 330,000</i>	<i>\$ 2,694,299</i>	<i>\$ 3,024,299</i>
<b>Total Revenues</b>	<b>\$ 1,578,191</b>	<b>\$ 4,928,577</b>	<b>\$ 6,506,768</b>

**Departmental Revenues.** The Governor recommends additional revenues of \$193.7 million from departmental receipts for FY 2020. Of this amount, \$180.8 million results from the extension of the hospital licensing fee.

- **Reinstitute Hospital Licensing Fee at 6.0 Percent.** The hospital licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates, because the Revenue Estimating Conference can only estimate revenues under current law. The Governor recommends extending the licensing fee for FY 2020 at the current rate of 6.0 percent for all hospitals except South County and Westerly, which will be assessed a fee of 4.02 percent. It assumes \$174.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital.
- **Hotel Tax 1.0 Percent Increase.** The Governor's budget assumes \$4.4 million from increasing the 5.0 percent state hotel tax to 6.0 percent, effective July 1, 2019 and retaining that extra one percent for state general revenues. The Office of Revenue Analysis estimates a final total tax on lodging of 14.0 percent comprising the 7.0 percent sales tax, 6.0 percent state hotel tax, and 1.0 percent local hotel tax. Massachusetts charges a 5.7 percent state occupancy tax, a 2.75 percent tax for convention center funding in select communities, and a local option occupancy tax of up to 6.0 percent. For select communities, including Boston and Worcester, the total occupancy tax rate is 14.45 percent. The 1.0 percent local hotel tax was established in 2004.
- **Marijuana Regulation Program Changes.** As previously noted, the Governor's budget assumes \$1.7 million in departmental receipts including \$0.5 million from new compassion center surcharge collections and more strict regulation of home cultivation and \$1.2 million from licensing fees associated with new adult use activities.
- **Debt Collector Fees.** The Governor's budget assumes \$0.6 million in new revenues from raising the annual fee for debt collectors from \$100 to \$500. The current fee was established in 2007. Currently the fee in Massachusetts is \$1,000; it is \$400 in Connecticut. The Governor's Executive Summary describes an increase to \$750. The Budget Office indicates its estimate assumes the higher fees are collected from 524 registrations and 365 branch certificates. A distinct branch certificate fee is not clearly identified in statute.

- ***Mortgage Loan Originator Licensing Fee.*** The Governor’s budget assumes \$1.2 million of new revenues from increasing the annual mortgage loan originator licensing fee from \$100 to \$400. The current fee was established in 2007. Currently the license fee in Massachusetts is \$500; in Connecticut the fee is \$300.
- ***License Plate Reissuance.*** The Governor proposes to repeal the statutory license plate reissuance requirement under Rhode Island General Law. The budget reduces revenues by \$1.8 million to account for not collecting the \$6 per plate set fee that would have been imposed to offset the cost for these replacements. It also does not include \$1.4 million for related expenditures; thereby, the net impact to the state in FY 2020 is \$0.4 million.
- ***Cigarette and e-Cigarette Dealer Licensing.*** As previously noted, the Governor’s budget includes \$0.5 million in new revenues from several changes to the state’s cigarette licensing fees and expanding it to include dealers of e-cigarette products. It should be noted that documents published in support of the recommendation indicate the intent is to increase the fee to \$400; however, as drafted the fee is raised to \$250.
- ***DEM Parks and Recreation Fees.*** The Governor’s budget assumes the use of \$1.5 million from three proposed fee increases related to parks and recreation, noted separately below.

***Beach Fees.*** The Governor’s budget assumes an additional \$0.7 million in revenue based on the Department of Environmental Management increasing beach fees through its public regulatory process. Any change would need to be proposed later this winter in order to be in place for FY 2020. On February 20, the Department announced an approximate 33 percent increase for these fees. Based on actual collections from FY 2018 the Department would need to increase fees by approximately 60 percent to generate the revenues and increase the payment to host communities assumed in the budget. The budget also assumes \$0.2 million in additional payments to host communities, making the net gain \$0.5 million. These fees were raised in 2011 but reduced to the 2002 level in July 2016.

***Campground Fees.*** The Governor’s budget assumes an additional \$0.7 million in revenue for FY 2020 based on the Department of Environmental Management increasing campground fees through its public regulatory process. Any change would need to be proposed later this winter in order to be in place for FY 2020. On February 20, the Department announced a new three-tiered system for campground rentals. The increases range from 28 percent for the lowest tier to as much as 50 percent for the highest tier. Based on actual collections from FY 2017, which is the most recent available data, the Department would need to increase fees by approximately 40 percent to generate the revenue assumed in the budget. These fees were last increased in 2002 when they were increased by roughly 75.0 percent.

***Unspecified Recreation Fees.*** The Governor’s budget includes an additional \$0.1 million in revenue from the Department of Environmental Management increasing unspecified recreation fees. No additional details have been provided, but fees not separately identified in other proposals appear to include table and field rentals. These fees are set through regulations and would go through a public review process. The Department notes that, with a few exceptions, the bulk of the miscellaneous park usage fees have remained unchanged since 1991.

<b>DEM Parks and Recreation Fees</b>	<b>FY 2020</b>
Beach Fees	\$ 737,801
Campground Fees	692,338
Unspecified Recreation Fees	104,757
<b>Total Revenues</b>	<b>\$ 1,534,896</b>

- ***Beverage Container Case Fee.*** The Governor’s budget assumes \$2.1 million of new revenues from doubling the beverage container case fee from \$0.04 per case to \$0.08 per case for all beverage container

cases sold by a wholesaler to retailers or consumers. The budget assumes a full year of collections. These fees were established in 1984 at \$0.05 per case and lowered to \$0.04 in 1988 where they have remained since.

- ***Hard-to-Dispose Materials Fees.*** The Governor recommends doubling the fees on hard-to-dispose materials to generate \$1.0 million in additional revenues for FY 2020. Under current law these charges include \$0.05 per quart or \$0.053 per liter on motor oils, \$0.10 per gallon or \$0.0264 per liter on antifreeze, \$0.0025 per gallon or \$0.00066 per liter on organic solvents, \$0.50 per tire, and \$3.00 for each new vehicle. These fees were established in 1989 and have not been altered since.
- ***Oversized and Overweight Vehicle Permits.*** The Governor's budget assumes \$0.5 million of new revenues from increasing the oversized and overweight permit fees. The budget increases the single use trip permit fee from \$20 to \$40 or the annual fee from \$300 to \$400 for loads under 130,000 pounds. It establishes a new fee of \$300 for loads exceeding 130,000 pounds. The annual fee was increased from \$100 to \$300 in 2008; the single trip fee has not been increased in over 20 years.
- ***Municipal Tax Block Fee.*** The Governor's budget assumes \$0.4 million in new revenues from a proposal to charge a \$5 fee to municipalities for each vehicle registration hold placed on their behalf for unpaid taxes. Under current law municipalities are required to report outstanding tax liabilities to assist with collections; the proposal makes reporting voluntary, but assesses the new fee.
- ***Firearms and Ammunition Excise Tax.*** The Governor's budget assumes \$0.8 million of new revenues from creating an excise tax of 10.0 percent above the sale price, effective October 1, 2019.
- ***Distance Learning Fees to Restricted Receipts.*** The Governor recommends that State Authorization Reciprocity Agreement membership fees go to a restricted receipt account and assumes use of them by the Office of Postsecondary Commissioner. The agreement establishes academic standards for higher education institutions offering online courses, or programs across state boundaries. Membership fees were previously deposited into the guaranty agency reserves. In FY 2018, \$86,500 was deposited as general revenues but no funds have been deposited since then. The Office has retained the funds in a restricted account for which it is currently seeking authorization. The Governor's budget assumes a loss of \$86,500 from general revenues for FY 2020 but it does not appear these receipts were part of the consensus general revenue estimate.

## **Other Revenues**

- ***Remote Sports Betting.*** The Governor's budget assumes \$3.0 million from expanding sports betting to include play using a computer or mobile device within the state. The proposal requires participants to establish an account in person and be physically present within the state when placing a wager; it also permits 24-hour betting. The \$3.0 million estimate assumes a six month period to launch, but a January 1 start. If the program is enacted sooner or launches earlier, additional revenues may be available.
- ***Lottery Products via Mobile App.*** The Governor's budget assumes \$0.9 million in new revenues by permitting traditional lottery games to be played via a mobile app. No details have been provided on this proposal and how it differs from current revenue estimates that assume the lottery will maximize its revenue opportunities under current law.
- ***Lottery Transfer Adjustment.*** The Governor's budget includes a correction to the calculation of the final lottery transfer from the casinos from the November 2018 Revenue Estimating Conference. This correction lowers revenues by \$1.1 million for FY 2020 and \$0.1 million for FY 2019.

- ***Marijuana Regulation Program Changes.*** As previously noted, the Governor's budget assumes \$0.3 million from other revenues transferred to the general fund associated with regulatory changes of the medical marijuana program.
- ***Division of Collections.*** The Governor's budget assumes a total of \$0.8 million in additional fines and fees will be collected by adding an attorney and procuring a case management system for the Division of Collections within the Department of Revenue.
- ***Infrastructure Bank.*** The Governor proposes that the Rhode Island Infrastructure Bank transfer \$4.0 million to state general revenues by June 30, 2020.
- ***Rhode Island Housing.*** The Governor proposes that Rhode Island Housing transfer \$2.5 million to state general revenues by June 30, 2019 and another \$1.5 million to state general revenues by June 30, 2020.
- ***Resource Recovery Corporation.*** The Governor proposes that the Rhode Island Resource Recovery Corporation transfer \$5.0 million to state general revenues by June 30, 2019.
- ***RI Health and Educational Building Corporation.*** The Governor proposes that the Rhode Island Health and Educational Building Corporation transfer \$2.0 million to state general revenues by June 30, 2019.
- ***Rhode Island Student Loan Authority.*** The Governor proposes that the Rhode Island Student Loan Authority transfer \$1.5 million to state general revenues by June 30, 2019 and another \$1.5 million by June 30, 2020.
- ***Quonset Development Corporation.*** The Governor proposes that the Quonset Development Corporation transfer \$2.0 million to state general revenues by June 30, 2019.
- ***DEM Unexpended Bond Funds.*** The Governor proposes to transfer unexpended bond funds totaling \$1.4 million from six different accounts within the Department of Environmental Management to state general revenues by June 30, 2019. Of the excess funds, \$1.3 million is from three issuances in 1986; it appears that the debt may have been extinguished. The remaining \$173,162 is from three issuances in 2000 and 2010, \$160,028 of which is from an issuance to purchase the Shooter's property at 25 India Street in Providence. The property was purchased and the transferred funds are all that remain from the bond.
- ***OSPAR Fund.*** The Governor's revised budget proposes transferring \$1.0 million of current reserves from the Oil Spill Prevention, Administration, and Response Fund to state general revenues by June 30, 2019. Additionally, her FY 2020 recommendation proposes to double the fee supporting the fund that is collected on barrels of petroleum products received at marine terminals from vessels originating outside the state. She also proposes expanding the allowable uses of the fund to pay for compliance and monitoring activities for storm water management and brownfields remediation. The fee would increase from five to ten cents per barrel increasing collections by an estimated \$1.5 million. The fee has not been increased since it was established in 1996.
- ***Underground Storage Tank Trust Fund.*** The Governor proposes to transfer reserves of \$1.0 million from the Underground Storage Tank Trust Fund within the Department of Environmental Management to state general revenues by June 30, 2019.

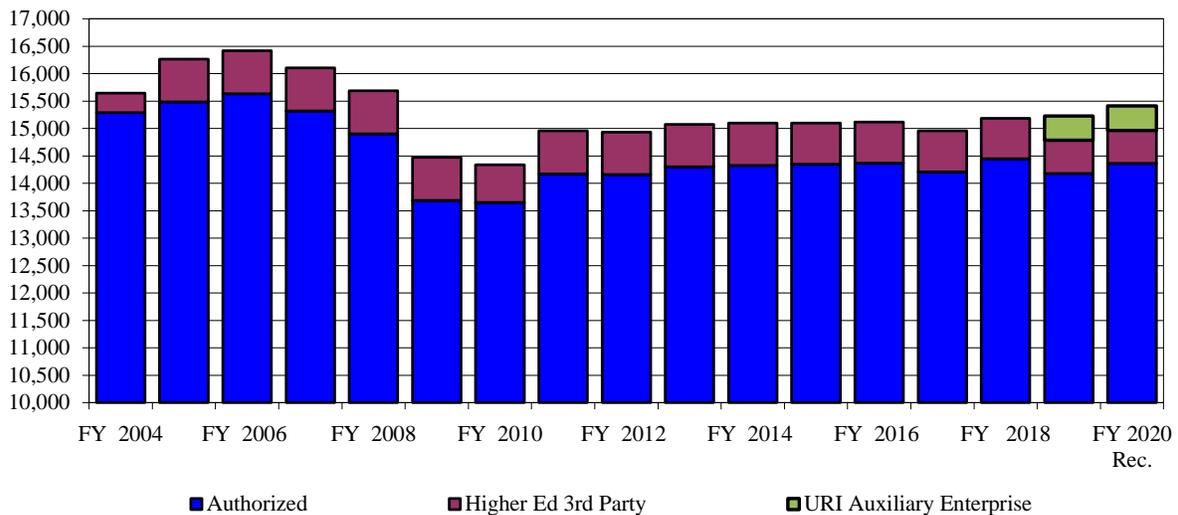
# State Government Personnel and Staffing

## Summary

The Governor recommends \$2,203.6 million for personnel expenditures and 15,413.1 full-time equivalent positions, 606.0 higher education positions dedicated for research or supported by other third-party funds, and 445.0 positions dedicated to support auxiliary enterprise units at the University. Auxiliary enterprise positions such as those that support dining halls have not previously been distinguished from others. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$161.0 million and 203.4 positions more than the FY 2019 enacted budget including \$81.0 million more for salaries and benefits and \$80.0 million more for contracted services, nearly two-thirds is for expenditures relating to the Unified Health Infrastructure Project.

Among the staffing changes are 30.0 new positions in the Department of Transportation to carry out the Department's plan to perform more operations in-house. The Governor also includes 25.0 new positions for regulation and support of the adult use of medical marijuana, 10.0 new correctional officers, 30.0 new State Police troopers as well as additional staff for the Department of Environmental Management's Division of Parks and Recreation. The recommendation also includes 18.0 new positions in the Department of Administration's budget for centralized human resources, information technology and facility management services. The costs for those services appear in user agencies as an operating expenses, rather than personnel.

**Full-Time Equivalent Positions**

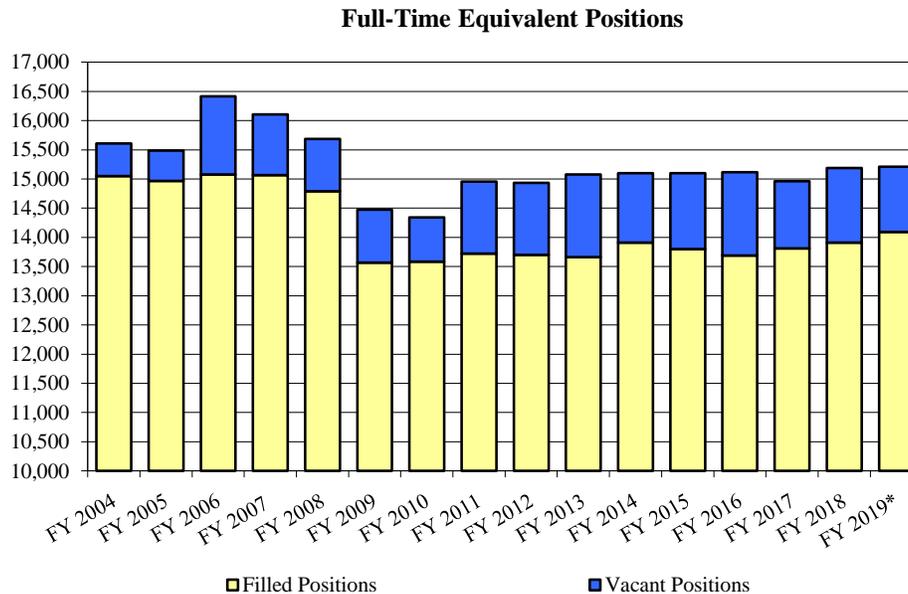


For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding. The Governor recommends creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island such as dining halls. The recommendation also reduces the number of third-party funded positions to 440.0 from 622.8. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or

individuals in training requisite to employment, such as state trooper classes. Generally, agencies do not fill all authorized positions because of various reasons, such as hiring freezes or budgeted turnover savings. Turnover is budgeting less money than needed for full staffing. Turnover savings result from the gap in time from when an employee leaves state service and a new employee is hired at a lower cost or from when a department leaves a position vacant to achieve a certain level of savings.

The following chart shows both filled and authorized staffing levels from FY 2004 through FY 2019. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 resulting from a major surge of retirements in 2008 and severe constraints put on refilling the vacancies. Other significant issues during that period are noted below.



- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 during which there was a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposals; however, it did reduce vacant general revenue funded positions, eliminating 419.4 vacant positions.
- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant

number of state employees to retire. There were 14,917.8 filled positions on December 6, 2007, compared to December 8, 2009, when there were 13,302.1 filled positions.

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

The Governor’s FY 2017 revised recommendation included 82.3 positions more than the enacted budget. For FY 2018, she recommended staffing of 15,067.4 positions, 114.8 positions more than enacted. She subsequently requested two amendments, adding 159.0 full-time equivalent positions for the Unified Health Infrastructure Project and making a technical change to staffing in the Judiciary, bringing her recommended staffing to 15,226.2 positions. The Assembly authorized only 14,959.0 positions for FY 2017, 6.4 positions more than enacted but 79.9 less than the Governor’s revised budget; it did not concur with the majority of the new positions recommended. That year, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.0 non-research vacancies.

In FY 2018, the state averaged 13,913.2 filled positions reflecting an average of 1,194.2 non-research vacancies. During the second half of FY 2018, the Administration implemented a voluntary retirement incentive under its own authority. State employees eligible to retire on or before December 31, 2017 were eligible for the incentive. Beginning on January 12, 2018, the number of filled positions declined for ten consecutive pay periods as eligible participants retired. As of January 11, 2019, there were 149.3 more positions filled than there were when the program began.

The Governor recommended staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than previously authorized for FY 2018. This added authorization for more than 300 new positions offset by the elimination of numerous unidentified positions in several departments, notably the Departments of Administration, Public Safety and Transportation. The Governor’s FY 2018 revised recommendation included an additional 26.0 positions.

The 2018 Assembly authorized FY 2019 staffing of 15,209.7 full-time equivalent positions, including 788.8 higher education positions dedicated for research or supported by other third-party funds. This is 49.5 positions more than enacted; however, it is 216.8 full-time equivalent positions less than the Governor recommended. This reflects the elimination of 160.0 vacancies to bring authorizations closer to funded staffing levels.

	URI			Total
	Regular	Third Party*	Auxiliary Enterprise	
FY 2018 Average	13,253.2	660.0	-	13,913.2
FY 2019 Enacted	14,420.9	788.8	-	15,209.7
<i>FY 2019 Rev.</i>	<i>14,179.7</i>	<i>606.0</i>	<i>445.0</i>	<i>15,230.7</i>
<b>Diff. from Enacted</b>	<b>(241.2)</b>	<b>(182.8)</b>	<b>445.0</b>	<b>21.0</b>
<i>Governor FY 2020</i>	<i>14,362.1</i>	<i>606.0</i>	<i>445.0</i>	<i>15,413.1</i>
<b>Diff. from Enacted</b>	<b>(58.8)</b>	<b>(182.8)</b>	<b>445.0</b>	<b>203.4</b>
Filled - February 2	13,361.3	734.0	-	14,095.3
<b>Diff. from Enacted</b>	<b>(1,059.6)</b>	<b>(54.8)</b>	<b>-</b>	<b>(1,114.4)</b>
<b>Diff. from Gov.</b>	<b>(1,000.8)</b>	<b>128.0</b>	<b>(445.0)</b>	<b>(1,317.8)</b>

*\*Reporting error caused fluctuation in recent data*

The Governor’s current budget recommends FY 2019 revised staffing of 15,230.7 full-time equivalent positions, 21.0 more than authorized. Her FY 2020 recommendation includes authorization for 15,413.1 full-time equivalent positions, 203.4 more than enacted and 182.4 positions more than her FY 2019 revised budget. As of February 2, there are 1,114.4 positions vacant.

## Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract. The Governor’s personnel recommendation includes \$1,843.3 million for salaries and benefits and \$360.3 million for contracted services. These expenditures represent an increase of \$161.0 million or 7.9 percent from the FY 2019 enacted budget.

The recommendation includes \$1,843.3 million for salaries and benefits, an increase of \$81.0 million, or 4.6 percent. General revenue expenses for salaries and benefits increase by 3.5 percent and contracted services increase by 15.1 percent to include expenses for a new financial management contract for Medicaid program activities and funding to upgrade the health technology projects, including electronic health records.

FY 2020 Recommended	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 611,895,367	\$ 189,489,099	\$ 48,472,592	\$ 361,068,516	\$ 1,210,925,574
Benefits	345,117,250	109,949,642	29,271,215	148,007,685	632,345,792
<b>Total Salaries and Benefits</b>	<b>\$ 957,012,617</b>	<b>\$ 299,438,741</b>	<b>\$ 77,743,807</b>	<b>\$ 509,076,201</b>	<b>\$ 1,843,271,366</b>
Contracted Services	68,529,448	197,516,071	67,554,305	26,712,878	360,312,702
<b>Total Personnel</b>	<b>\$ 1,025,542,065</b>	<b>\$ 496,954,812</b>	<b>\$ 145,298,112</b>	<b>\$ 535,789,079</b>	<b>\$ 2,203,584,068</b>

As noted earlier, these expenditures exclude internal service funds; however, the staffing levels do include them, which skews the actual cost per position. Internal service funds, often called rotary accounts, are established to finance and account for the operations of certain overhead type programs that provide services to other state agencies on a charge for services basis. The expenditures appear as state operations costs in the agencies being charged and are not included in the statewide personnel totals to prevent double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2007 enacted budget. The 2009 Assembly included the Governor’s proposal to convert the central laundry and pharmacy internal service funds into direct appropriations in FY 2010.

The 2017 Assembly adopted legislation authorizing internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The legislation also requires that the Department of Administration report on a quarterly basis the fund activities, including breakdown by each department and agency. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees. The Administration issued the first and second reports on October 13, 2017 and February 21, 2018. The last two reports for FY 2018 were submitted on November 14, 2018. As of February 11, 2019, the first report for FY 2019, which was due by October 15, 2018, and the second report, which was due by January 15, 2019, have not been submitted.

The FY 2019 enacted budget assumes expenditures of \$83.6 million for information technology, capital asset management and maintenance, and human resources services. These expenditures are projected to increase by 9.0 percent for FY 2019 and 15.1 percent for FY 2020, including \$3.7 million or 7.4 percent for salaries and benefits. The FY 2020 recommended budget assumes an additional 18.0 full-time equivalent positions for these services.

Division	FY 2019 Enacted	FY 2019 Revised	Chng. to Enacted	FY 2020 Recommended	Chng. to Enacted	Chng. to Revised
Human Resources	\$ 12,131,620	\$ 13,377,854	10.3%	\$ 15,227,277	25.5%	13.8%
Capital Asset Management & Maintenance	39,212,184	38,693,072	-1.3%	40,379,969	3.0%	4.4%
Information Technology	32,282,229	39,077,346	21.0%	40,631,267	25.9%	4.0%
<b>Total</b>	<b>\$ 83,626,033</b>	<b>\$ 91,148,272</b>	<b>9.0%</b>	<b>\$ 96,238,513</b>	<b>15.1%</b>	<b>5.6%</b>

There are three divisions of state service: classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions that require licenses, certificates, or registrations. Positions may also be unclassified or non-classified. Positions in the unclassified service are established by law and are subject to compliance with standards of the federal government and regulations set forth by the state's Personnel Administrator. Positions in this category generally include the employees of elected officials, courts, boards and commissions, both houses of the General Assembly, department directors, and various positions of a policy making nature. All appointments are made by the appointing authorities or the Governor in accordance with the provisions of the laws governing such appointments and the personnel rules adopted for the unclassified service. Positions within the non-classified service are covered under contract terms for the Board of Education and include positions related to a health system transformation project, as well as faculty; the Governor's FY 2019 recommended budget added 92.5 more positions.

It should be noted that the Governor's program supplement budget publication continues to show all previously authorized non-classified positions in higher education as unclassified positions, resulting from an error in transitioning to a new budget system. This was identified last year and has not been corrected. There are also other classification errors in the personnel data published as part of the Governor's budget.

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. As of January 24, 2019, there were 2,516 employees with statutory status, including 112 employees who were eligible through the veteran provision.

As part of his FY 2012 budget, Governor Chafee recommended \$300,000 to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources was not sufficient to support the state's need as the recruiting process was highly paper-based, job classification structures did not reflect qualifications to deliver the services and the compensation structures were non-competitive.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to the classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013.

The FY 2016 revised and the FY 2017 recommended budgets included a total of \$1.2 million for a classification and compensation study. The study was completed in the summer of 2017 and through FY 2018, a total of \$0.8 million was spent. The following excerpts summarize the major findings from four comparisons.

Salary structure: Overall, the state's salary structure is different from the market in the following ways:

- Range minimum: 7.6 percent higher than the market average minimum
- Range midpoint: 2.5 percent lower than the market average midpoint
- Maximum: 11.8 percent lower than the market average maximum

Health care insurance:

- On average, Rhode Island is 9.7 percent higher than the market median for employer contribution to health care plans

Retirement plan:

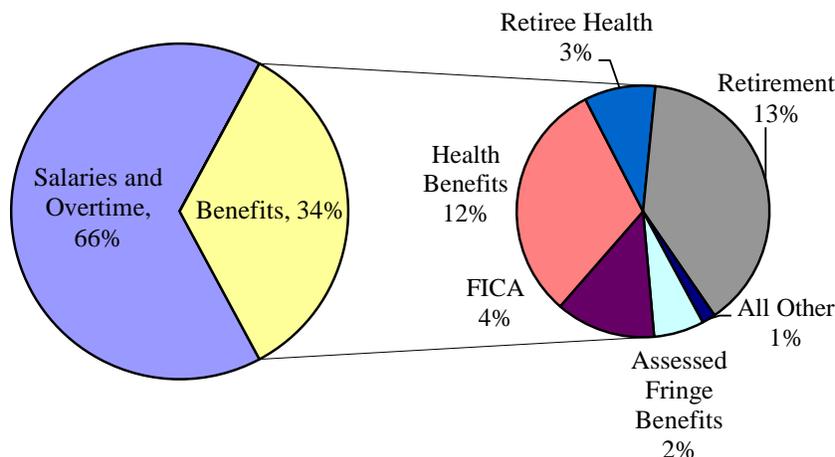
- On average, Rhode Island is 1.34 percentage points higher than the market for maximum employer contribution to the primary retirement plan

Paid leave:

- Rhode Island is comparable with the market for paid holidays, personal days, and bereavement days offered per year
- Rhode Island is comparable with the market for annual accrual vacation days and sick leaves
- Rhode Island is above the market for carry-over vacation days by 331 percent, and above market for carry-over sick leave by 711 percent

Salaries and benefits make up 83.6 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

**FY 2020 Recommended Salaries and Benefits**



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

The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable. The Governor’s FY 2016 recommended budget proposed changes to longevity that are described later in the report; though this proposal was later rescinded.

The following table shows the years that an employee was eligible for these increases.

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

*\*As of July 1, 2011 or contract expiration*

For most positions, collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade. For example, if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770.

In April 2014, the Chafee Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014 and October 4, 2015. The cost for FY 2015 was estimated to be \$47.4 million, including \$24.3 million from general revenues which reflects approximately 3.5 percent growth over FY 2014. The FY 2015 recommended budget did not include funding for these agreements. The budget adopted by the Assembly assumed that the increased costs will be achieved through turnover, vacancies and other savings.

In April 2018, Governor Raimondo reached agreements with a majority of state employee unions for wage and benefit changes that include cost-of-living adjustments of 2.0 percent effective December 24, 2017, 2.5 percent effective December 23, 2018, 2.0 percent effective June 23, 2019, and 1.0 percent effective December 22, 2019. Her proposed budgets did not include funding for these increases. The Assembly added \$6.9 million for FY 2018 and \$19.8 million for FY 2019 from general revenues to account for these agreements assuming all unions reached similar terms.

<b>Cost-of-Living Adjustments</b>		
<b>Fiscal Year</b>	<b>Increase</b>	<b>Notable Adjustments</b>
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	July 1; 8 furlough days
2011	3.0%	July 1,- 6 month delay; 4 furlough days
2012	3.0%	July 1, 2011
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015
2017	-	
2018	2.0%	December 24, 2017
2019	2.5%	December 23, 2018
2020	3.0%	2.0% June 23 & 1% December 22

*Excludes Troopers, RIBCO and some other smaller unions*

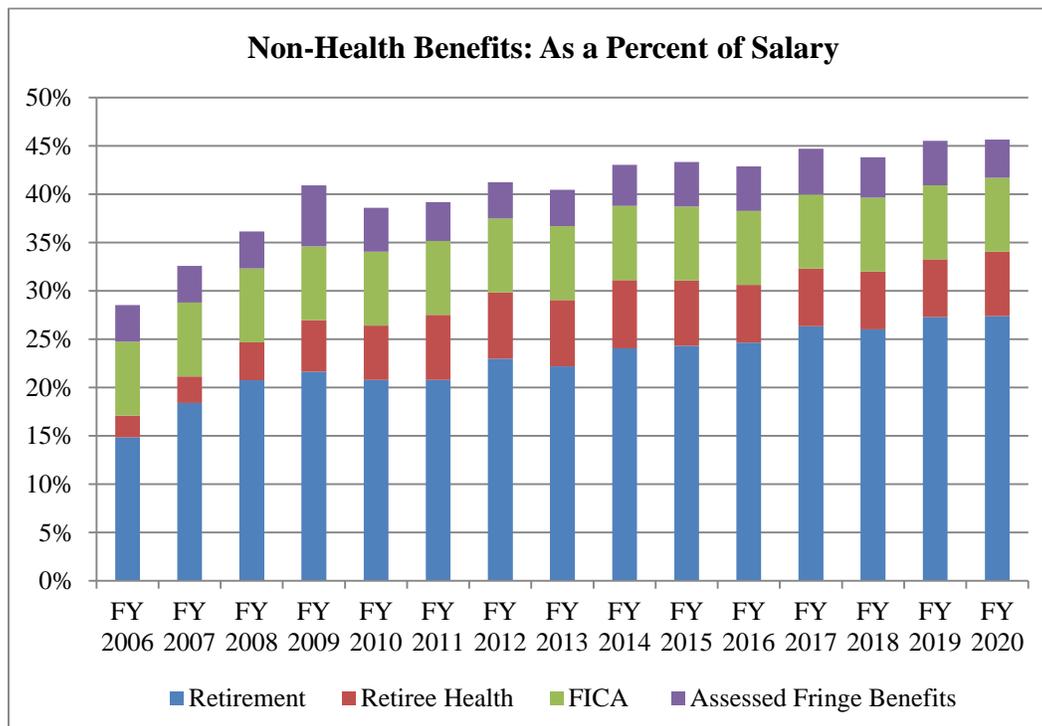
**Overtime.** Overtime accounts for 3.5 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of

Behavioral Healthcare, Developmental Disabilities and Hospitals, Public Safety, Transportation, and Human Services.

<b>Overtime - FY 2020 Recommended</b>	
Corrections	30.6%
BHDDH	20.2%
Public Safety	12.1%
Transportation	11.6%
Higher Education	8.0%
Children, Youth and Families	6.1%
Human Services	4.4%
All Others	7.0%
<b>Total</b>	<b>100%</b>

The FY 2020 recommended budget includes statewide overtime savings of \$1.0 million from general revenues included in the Department of Administration’s budget for later distribution. No plan as to how this will be achieved has been described or provided.

**Benefits.** Benefits include direct benefits to employees such as health, workers’ compensation and unemployment as well as unfunded liabilities for retirement and retiree health benefits. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-third of the total cost of a position. The following table shows non-health benefits as a percent of salary from FY 2006 through FY 2020. In that 15-year period, the calculation increased from under 30 percent to over 45 percent. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow.



**Retirement.** Participation in Rhode Island’s hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. The 2015

Assembly enacted changes consistent with the pension settlement agreement reached in the spring of 2015; these changes are described later in the report.

Employees must work until a combination of their years of service and age equal 95. Employees who were not eligible to retire when the 2011 changes became effective have an individualized retirement age based on their years of service, but they must be at least 59 years old to retire.

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems' aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding, intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past several years. These changes are discussed later in the report.

The retirement rates are determined actuarially and under Rhode Island General Laws; they are certified annually by the State of Rhode Island Retirement Board. The Board's current policy is that the contribution rates determined by an actuarial valuation take effect two years after the valuation date. The Retirement System conducts an experience study every three year to evaluate the appropriateness of assumptions. The actuaries use the system's own experience where relevant and credible data is available. It uses population or general economic data such as inflation for other assumptions. The assumption changes are incorporated in future annual valuations that determine the rate required to support the defined benefit portion of the pension system. The System's actuaries conducted an experience study during the spring of 2017. As a result of that as well as an asset liability review conducted by the State Investment Commission, the Board approved new assumptions including decreasing the investment return assumption from 7.5 percent to 7.0 percent as well as some other assumptions around inflation, wage growth and mortality. These changes have been included in the actuarial valuation that is effective for FY 2020.

The rate for FY 2019 was revised upward by 2.1 percent or 0.53 percentage points based upon the retirement incentive program the administration undertook in the fall of 2017. The details of this program are discussed later in the report. The rates for FY 2020 as well as the previous seven years are shown in the table below.

**Employer Contribution Rates - Regular Employees**

<b>FY</b>	2013	2014	2015	2016	2017	2018	2019	2020
<b>Rates</b>	21.18%	23.05%	23.33%	23.64%	25.34%	24.87%	26.28%	26.39%

**Retiree Health.** The state provides health coverage to individuals who are retired from state employment, who have at least 20 years of state service and are at least age 59. Eligible retirees will pay a 20.0 percent cost share on the actual cost of the plan. These benefits are less generous than previously provided and are discussed later in the report. The Board of Education has a separate plan for certain higher education employees.

**FICA.** The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2019, the salary limit is \$132,900. There is no salary limit for the Medicare portion.

The total rate is 7.65 percent, including 6.20 percent for the Social Security portion and 1.45 percent for the Medicare portion.

**Assessed Fringe.** The assessed fringe benefit internal service fund was established in August 1999 to

comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues.

The fund ended FY 2015 with a deficit of \$1.9 million and surpluses of \$1.2 million in FY 2016 and \$6.2 million in FY 2017, largely due to a repayment for overpayments made for workers' compensation by the state.

The FY 2018 enacted budget was based on an assessment of 4.20 percent for most employees. Based on projections related to the voluntary retirement incentive, which is described in greater detail later in this report, the Governor's FY 2019 recommended budget increased the assessment to 4.60 percent.

The FY 2019 revised budget assumes a reduction in the assessed fringe rate. The Budget Office indicates that the fund is in a more favorable position than previously projected in part due to an additional unbudgeted payment in FY 2018. As a result, the rate of 4.60 percent assumed for FY 2019 will be 4.20 percent, effective January 25; essentially the effective rate for FY 2019 is 4.40 percent. The rate of 4.20 percent previously planned for FY 2020 is now recommended at 3.95 percent. This also reflects savings from the plan to outsource the administration of the Workers' Compensation program.

The current rate for certain public safety personnel is 2.00 percent because these employees receive injured on duty benefits as opposed to workers' compensation. The rate for higher education faculty is 3.50 percent because they do not receive severance payments.

**Health Benefits.** All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through UnitedHealthcare and Delta Dental. Employees began contributing to the cost of this health care in 2005. At that time, some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution is a percent of plan cost depending on his or her salary and the type of plan chosen.

Pursuant to recently negotiated contract agreements, effective January 1, 2019, the state is offering three medical plans, called Anchor Choice, Anchor and Anchor Plus, three dental plans and two vision plans. Previously, only one plan was offered. Among the other provisions of the contract were increased co-pays for office visits and prescription drugs, and increased deductibles. The deductibles are based on plan selections and are now \$500 to \$1,500 for an individual, and \$1,000 to \$3,000 for a family. They were previously \$250 and \$500 for individuals and families, respectively.

	<b>Individual Plans</b>	<b>Family Plans</b>
<i>Medical</i>		
Anchor Choice	\$ 7,118.40	\$ 19,956.36
Anchor	\$ 7,170.24	\$ 20,101.44
Anchor Plus	\$ 7,671.72	\$ 21,507.48
<i>Dental</i>		
Anchor Dental	\$ 383.88	\$ 994.32
Anchor Plus	\$ 430.68	\$ 1,115.40
Anchor Platinum	\$ 496.68	\$ 1,286.52
<i>Vision</i>		
Anchor Vision	\$ 57.12	\$ 157.68
Anchor Vision Plus	\$ 81.72	\$ 225.48

The following table shows the cost of health benefits and the state employee co-shares for 2019 for both individual and family plans.

2019 Calendar Plan Year Per Employee	Below \$51,930 <sup>2</sup>		\$53,930 - \$99,825 <sup>2</sup>		Over \$99,825 <sup>2</sup>	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits <sup>1</sup>	\$ 8,184	\$ 22,848	\$ 8,184	\$ 22,848	\$ 8,184	\$ 22,848
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State	\$ 6,547	\$ 19,421	\$ 6,547	\$ 18,279	\$ 6,138	\$ 17,136
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,637	\$ 3,427	\$ 1,637	\$ 4,570	\$ 2,046	\$ 5,712

<sup>1</sup> Co-shares are based on Anchor Plus Plans

<sup>2</sup> Income amount to be adjusted by the June 2019 cost-of-living-adjustment

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average cost per benefit type.

Weighted Average	FY 2019 Governor*	FY 2019 Rev. Planning	FY 2019 Revised	Chng. to Enacted	FY 2020 Planning	FY 2020 Gov. Rec.	Chng. to Enacted
Medical	\$ 19,396	\$ 18,621	\$ 18,071	\$ (1,325)	\$ 18,959	\$ 17,822	\$ (1,574)
Dental	784	789	789	5	815	815	31
Vision	126	127	127	1	130	130	4
<b>Total</b>	<b>\$ 20,306</b>	<b>\$ 19,537</b>	<b>\$ 18,987</b>	<b>\$ (1,319)</b>	<b>\$ 19,904</b>	<b>\$ 18,767</b>	<b>\$ (1,539)</b>

\*Enacted budget included savings in new contracts

As shown in the table above, the FY 2019 Governor's budget assumed a planning value of \$20,306; however, this did not include adjustments incorporated in the enacted budget for contracts negotiated in May 2018. In July 2018, agencies were instructed to use a revised planning value of \$19,537 for FY 2019 and \$19,904 for FY 2020. The FY 2020 planning values are \$367 or 1.9 percent less than the revised amount.

The Budget Office noted that the Health Insurance Fund was showing a larger surplus than expected; a medical benefit holiday occurred in December 2018, resulting in general revenue savings of \$3.3 million. The Governor's revised budget includes medical benefit savings of \$2.8 million from general revenues from updating the medical benefit rate. The FY 2020 recommendation includes \$5.9 million in savings from a lower than expected rate.

In June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; it was then reduced by half to \$1,001. It should be noted that new contracts eliminate the waiver for two state employee spouses who were hired on or after June 29, 2014.

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective January 1, 2016, and established a new funding methodology. Pursuant to Rhode Island General Law, Section 42-7.4-3, the Healthcare Services Funding Contribution are based on a per-person enrollment for those in fully-insured or self-insured plans with the exception of municipal employees. State employees and employees of non-profit hospital corporations were included beginning July 1, 2016.

**Total Costs.** The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2020 is displayed in the following table.

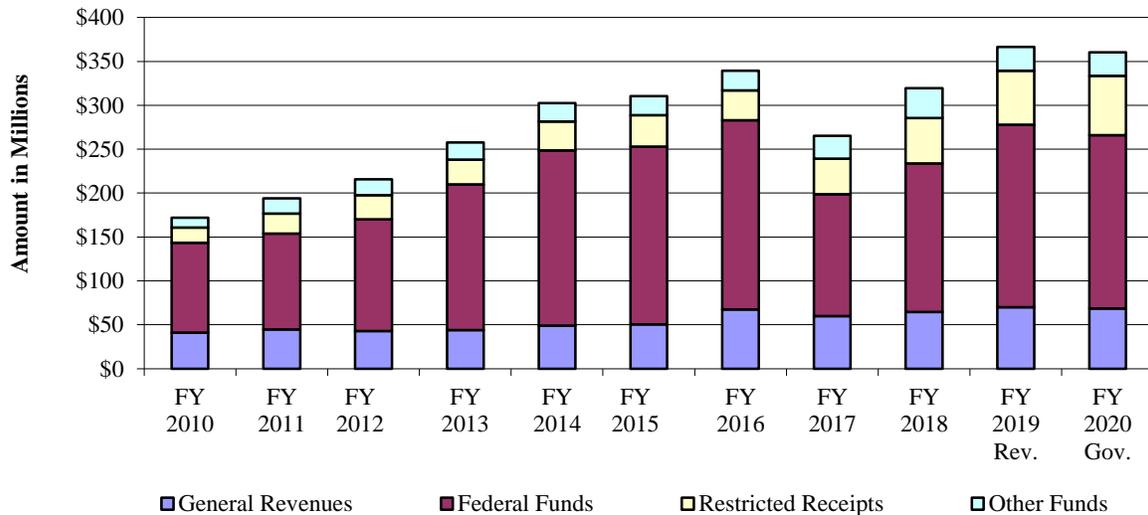
<b>Cost of a Position - FY 2020 Recommended</b>				
	<b>Expense</b>	<b>% of Salary</b>	<b>Expense</b>	<b>% of Salary</b>
<b>Salary</b>	<b>\$ 50,000</b>		<b>\$ 100,000</b>	
FICA	\$ 3,825	7.65%	\$ 7,650	7.65%
Assessed Fringe	2,300	4.60%	4,600	4.60%
Retiree Health	2,990	5.98%	5,980	5.98%
Retirement	13,640	27.28%	27,280	27.28%
<b>Subtotal</b>	<b>\$ 22,755</b>	<b>45.51%</b>	<b>\$ 45,510</b>	<b>45.51%</b>
Health Benefits	\$ 22,848	Family Plan	\$ 22,848	Family Plan
Total Co-share	(4,570)	20.00%	(5,712)	25.00%
<b>Subtotal Benefits</b>	<b>\$ 41,034</b>	<b>82.07%</b>	<b>\$ 62,646</b>	<b>62.6%</b>
<b>Total Cost</b>	<b>\$ 91,034</b>		<b>\$ 162,646</b>	

*Co-shares are based on Anchor Plus Plans*

**Contracted Services.** Contracted services make up the remaining 16.4 percent of personnel costs. The enacted budget includes \$360.3 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. These exclude expenses through internal service funds of \$8.9 million and \$8.3 million in FY 2019 and FY 2020, respectively.

By fund source, 54.8 percent of the expenses are supported by federal grants and 19.0 percent are funded from general revenues. The Executive Office of Health and Human Services and the Department of Transportation account for more than a third of these expenses from all sources.

**Contracted Services, FY 2010 to FY 2020**



The chart above shows the costs of contracted services from FY 2010 through FY 2020. The significant increases in FY 2012 and FY 2013 are mostly as a result of Race to the Top funds in the Department of Elementary and Secondary Education’s budget. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

The FY 2017 final budget included \$324.9 million for contracted services and actual expenditures were \$265.2 million. This is \$59.7 million less than appropriated, of which \$53.1 million was from federal funds. This

reflects the agreement the state had with the main system's contractor, Deloitte, to delay infrastructure costs for the Unified Health Infrastructure Project until system issues have been addressed.

The FY 2018 final budget includes \$316.7 million for contracted services and actual expenditures were \$319.4 million, \$2.6 million above the final appropriation. Expenditures from general revenues were \$64.7 million.

The FY 2019 revised recommendation of \$366.4 million is \$86.2 million more than enacted including \$10.3 million from general revenues and \$60.2 million from federal funds. This includes approximately \$57 million for expenses related to the Unified Health Infrastructure Project. The FY 2020 recommendation is \$6.1 million less than the revised budget; including \$1.4 million less from general revenues.

For the past decade, the Assembly has required state agencies to be held more accountable for contracted services they purchase. These requirements have not been well executed. The Assembly concurred with most of Governor Chafee's FY 2015 budget proposal to repeal or consolidate them to improve compliance. The paragraphs that follow identify these reporting requirements as well as any significant revisions and current compliance.

*RIGL 42-90-1.* This statute, first adopted in Chapter 161 of the Public Laws of 1985, requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performs legal, medical, accounting, engineering or any other professional services, and the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$100,000 threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appeared that only a few agencies were complying with this requirement.

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

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. Despite the change, the current administration is also not in compliance with this requirement. At the Personnel Issues Hearing on April 4, 2018, the Director of Administration pledged to be in compliance with this reporting requirement. Since then, reports for FY 2015 through FY 2017 have been posted on the state's transparency portal.

*RIGL 37-2.3-1.* The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and

upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

Governor Chafee submitted legislation to alter the requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and subsequent fiscal years. The listings will be published annually online using the state's transparency portal or an equivalent website no later than December 1 of each year. Subsequently, he requested an amendment to restore language that had previously removed subcontractor from the definition of privatization contractor and clarify what agencies must include in reports for prior, current and upcoming fiscal years and which positions must be reflected as full-time equivalent positions. The Assembly concurred.

This reporting requirement has not been met since it was adopted by the 2014 Assembly. The staff from the Budget Office indicated that it has been in discussions with Council 94 to format the template for reporting.

*RIGL 42-149-1.* This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain efforts made to identify qualified individuals or services within state government, factors used in choosing a non-state employee or firm, results of requests for proposals for services or bids for services, and the actual cost and the budgeted cost for the expenditure.

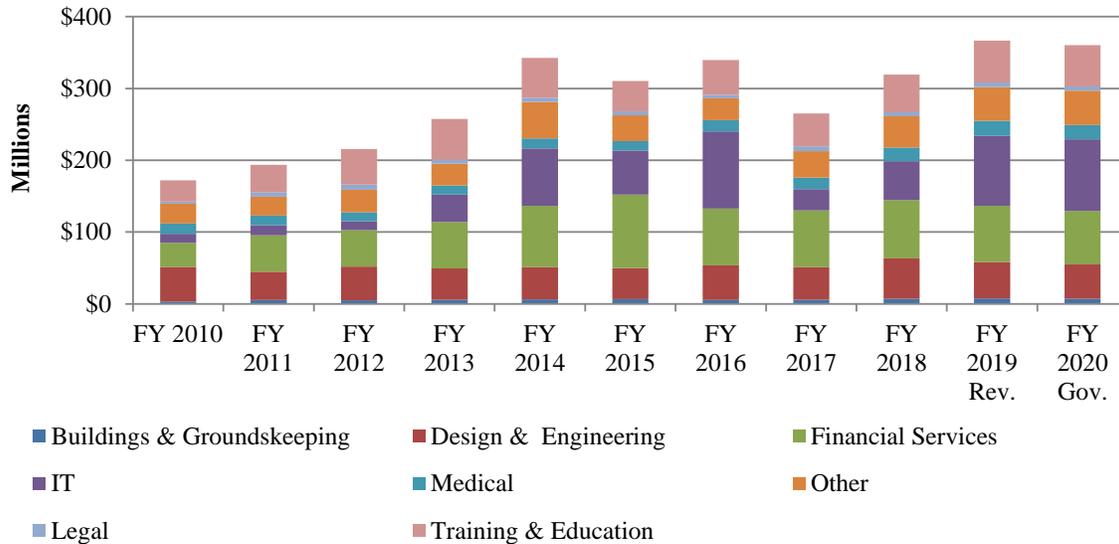
Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

*RIGL 42-149-3.1.* This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state's accounting system to calculate this charge and \$0.4 million has been collected each year from FY 2013 through FY 2018.

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

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

## Contracted Services



The table above shows the types of services provided by outside contractors from FY 2010 to FY 2020. The majority of the expenditures are spent on information technology and financial services. The smallest areas of spending are legal services and buildings and groundskeeping services.

### FY 2020 Proposed Personnel Initiatives

- Disparity Study.** The Governor’s recommended budgets include \$219,029 for FY 2019 and \$280,000 for FY 2020 for total funding of \$499,029 from general revenues to conduct a statewide study to examine procurement practices of state agencies that purchase goods and services pursuant to the provisions of the State Purchasing Act, to award at least 10.0 percent of its purchasing and construction contracts to women and minority owned businesses. A contract with the vendor has been signed and the study is underway; no funding was included in the enacted budget.
- Medical Benefit Savings.** The Governor’s revised budget includes medical benefit savings of \$2.8 million from general revenues, from updating the medical benefit rates and savings from lower claims experience. The FY 2020 recommendation includes \$5.9 million in savings from lower claims experience.
- Statewide Benefit Assessment.** The budgets include savings of \$0.8 million and \$1.3 million in FY 2019 and FY 2020, respectively, from lowering the assessed fringe benefit rate for most employees from 4.60 percent to 4.20 percent, effective January 25, 2019, and to 3.95 percent in FY 2020. This reflects FY 2018 contributions as well as the plan to outsource workers’ compensation administration. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid and is used to pay workers’ compensation claims, unemployment claims, and unused leave.
- Injured on Duty Reform.** The Governor proposes legislation that amends the injured on duty laws to limit the amount of time this benefit is applicable. It allows an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for an accidental disability pension. Under current law, it must be the treating physician that makes the certification. It removes language that provides that the statute does not alter any rights with respect to independent medical exams in a collective bargaining agreement. The article also provides that injured on duty benefits would terminate upon final ruling of the State Retirement Board and would not continue during appeal. Current recipients of injured on duty payments would have 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions.

Those current recipients who have been denied or approved for an ordinary or accidental disability benefit by a final ruling of the State Retirement Board would have their injured on duty payments terminated. The Governor's budget includes general revenue savings of \$1.7 million from these changes as they relate to state employees, although the article is also applicable to municipal employees.

- **Workers' Compensation Outsourcing.** Rhode Island General Law, Chapter 28-31 contains the provisions for the workers' compensation program for state as well as municipal employees. Workers' Compensation is a program that requires employers to carry insurance coverage protecting their employees from loss of earnings and/or medical expenses for any work-related injury or illness. Rhode Island is self-insured and administers its own claims. The Governor proposed to privatize the administration of the Workers' Compensation program.

The FY 2019 enacted budget includes undistributed savings of \$1.5 million from this proposal, all of which was shifted from FY 2018, because of delays.

On October 26, 2018, the Department of Administration signed a contract with Beacon Mutual Insurance to be the third-party administrator. The agreement is effective through October 31, 2021 and has a two one-year renewal options. The Department is in the process of transferring data and anticipates an implementation date by May 1. Pursuant to the contract, Beacon Mutual Insurance is to provide a final data migration report for review before the final implementation occurs.

As previously noted, the FY 2019 revised budget assumes a reduction in the assessed fringe rate, which funds the Workers' Compensation program. The rate of 4.20 percent previously assumed for FY 2020 is now recommended at 3.95 percent. The Budget Office projects benefit payments for the program to decline, offset by expenditures of \$1.5 million for FY 2019 and \$1.8 million for FY 2020 to Beacon for the administration of the program. Savings are reflected in agency budgets in both years.

- **Background Checks.** The Governor proposes legislation in Article 4 of 2019-H 5151 establishing new requirements for background checks. All employees, including those of vendors and subcontractors with access to federal tax information, would have to undergo state and national fingerprint criminal background checks. The legislation amends the duties of the personnel administrator to allow him/her to facilitate the coordination for this requirement for state employees. The background check for employees of vendors will be included in contracts for all new employees, and current employees must complete the background check within a "reasonable time" that is approved by the appropriate agency head, which is the director or his/her designee.

### **Recent Compensation and Benefit Revisions**

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

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

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

As part of a special session, the 2011 Assembly enacted legislation that suspended new cost-of-living adjustments to retirees' benefits until the system is better funded but provided for an intermittent cost-of-living adjustment every five years until the system in the aggregate is 80.0 percent funded. It moved all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increased the minimum retirement age for most employees not already eligible to retire and changed the benefit accruals to 1.0 percent per year of service beginning July 1, 2012. It reduced the vesting requirement from ten years to five years and preserved accrued benefits earned through June 30, 2012. It increased the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age, not to exceed 67, applied proportionally to employees based on current years of service, but no less than 59.

Public labor unions challenged the constitutionality of the law subsequent to its enactment. To avoid what could have been a lengthy and costly trial, state and labor unions were ordered into federal mediation. In February 2014, a proposed settlement was announced, which maintained most of the pension changes; however, the retirement age was reduced from 67 to 65 and allowed employees who have worked at least 20 years to keep their defined-benefit pensions. Retirees would receive a one-time 2.0 percent cost-of-living increase upon the enactment of the agreement and intermittent cost-of-living increases would be given every four years instead of every five years. Additionally, the settlement needed the approval of retirees, state employees, as well as the General Assembly. If more than half of any one group were to vote against the settlement, the litigation would continue. Though most employees and retirees voted in support of the settlement, a majority of police officers voted against it; thereby rejecting the settlement in whole. The trial was originally scheduled for September 2014, and later rescheduled for April 2015.

In March 2015, a proposed settlement was announced. The Assembly enacted Article 21 of 2015-H 5900, Substitute A, as amended, to codify the pension settlement agreement signed by all the parties (except all municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The legislation does not exclude any parties. It preserves over 90 percent of the 2011 pension reform savings. The changes include providing a cost-of-living increase every four years instead of every five as well as two, one-time \$500 payments to all current retirees. It changes the formula for calculating the cost-of-living increase to use both investment returns and the consumer price index with a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

It returns state employees, teachers and Municipal Employees Retirement System (MERS) general employees with at least 20 years of service as of June 30, 2012 to a defined benefit plan with a 2.0 percent annual accrual and higher employee contribution rate. It increases the state's contribution to the defined contribution plan for those with between 10 and 20 years of service as of June 30, 2012. It also contains increases in accrual rates for correctional officers and municipal public safety employees.

It includes adjustments to the retirement age for all groups and allows local municipalities to re-amortize the unfunded liability four additional years to 25 years for MERS plans and the local employer portion of teacher contributions.

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the

2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

The 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees that offers a wider array of health benefit choices at a lower cost through competition. The state sets up a Health Reimbursement Arrangement (HRA) for each retiree and deposits the state subsidy into the account each month. It is the same percent subsidy that the retiree previously received. The maximum state contribution is set equal to the lowest cost plan, adjusted for age that is comparable to the highest former plan. A retiree can choose a lower cost plan and use the balance of funds for any approved expense including: purchasing a plan for a spouse, dental or vision coverage, and payment of Medicare Part B premiums and Part D coverage.

As part of her FY 2016 recommended budget, Governor Raimondo proposed changing the requirements for what benefits must be included in early retiree health benefit plans. The Assembly did not concur.

It should be noted that the federal “Cadillac” tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In January 2018, Congress again delayed the start of the tax to 2022.

- **Pay Reductions.** The Budget enacted by the 2010 Assembly included two initiatives negotiated with employee unions to generate personnel savings. The first was to implement eight pay reduction days in FY 2010 and four pay reduction days in FY 2011. The Department of Administration entered into negotiations with collective bargaining units in the summer of 2009 to reach an agreement to achieve savings while avoiding layoffs. For each pay reduction day, an employee will accrue one and one quarter additional days of paid leave, for a maximum of ten days in FY 2010 and five days in FY 2011. The employee may request to discharge this leave day during any pay period following the period in which it was earned, or the employee may elect to receive a cash payment upon termination of state employment.

The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives were intended to save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings ended in FY 2012, and the contract called for a 3.0 percent increase effective July 1, 2011.

The agreement with the collective bargaining units also gave agency directors the right to transfer employees between programs in order to transfer, reorganize, eliminate, or consolidate functions, programs, units, divisions, and departments within the Executive Branch, as long as the collective bargaining units are notified within 15 days and the transfers are based on seniority. This authority ended on June 30, 2011.

- **Longevity.** The 2011 Assembly included legislation that ended new longevity payments for all state employees effective July 1, 2011, or upon the expiration of any current collectively bargained contract. Employees continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non-union staff. Non-classified employees of the former Board of Governors, Board of Regents and Public Telecommunications Authority received longevity payments of five percent after 10 years and ten percent after 20 years, pursuant to three different sections of the General Laws. Out-year estimates had projected \$4.0 million in annual costs from this provision.

Governor Raimondo proposed legislation in her FY 2016 budget to freeze longevity payments currently

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

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2019 and FY 2020 sections of this publication.

- ***Voluntary Retirement Incentive.*** The Administration implemented a voluntary retirement incentive under its own authority as part of an effort to achieve the \$25.0 million of undistributed savings in the FY 2018 enacted budget. State employees eligible to retire on or before December 31, 2017 are eligible for the incentive, which is two times the employee's longevity capped at \$40,000. The Administration indicated that there were 941 eligible state employees and it assumed savings of \$6.5 million based on the assumption that 45 percent of eligible employees would retire by January 31 for five months of savings. Payouts would be made from the assessed fringe benefit fund, which is generated from all fund sources. The savings also assumed that only 60 percent of those vacated positions are filled for one month in FY 2018 and at 70 percent of the incumbent's cost in the first year.

The incentive program was implemented in stages based on the amount of longevity to allow the Retirement System time to process the applications. The most senior employees had until February 15 and the least senior had until April 15. The Governor's revised budget included savings of \$4.6 million from vacancies, but no comprehensive information was provided on how much savings was assumed to offset added costs. Much of the vacancy savings assumed in FY 2018 did not appear to repeat in FY 2019. Based on updated program participation data, the Assembly assumed additional savings in both FY 2018 and FY 2019. It appears that 364 of employees received the payment. The total impact to the budget is unclear as a high level of the vacated positions appear to have been refilled.

### **Distribution of Positions**

The number of full-time equivalent positions authorized for each agency and department is contained in Article 1 of the annual appropriations act. The departments and agencies may not exceed the number of full-time equivalent positions authorized in any pay period. Full-time equivalent positions do not include seasonal or intermittent positions for which scheduled periods of employment do not exceed 26 consecutive weeks or for which scheduled hours do not exceed 925, excluding overtime, in a one-year period. Nor do they include individuals engaged in training, the completion of which is a prerequisite of employment.

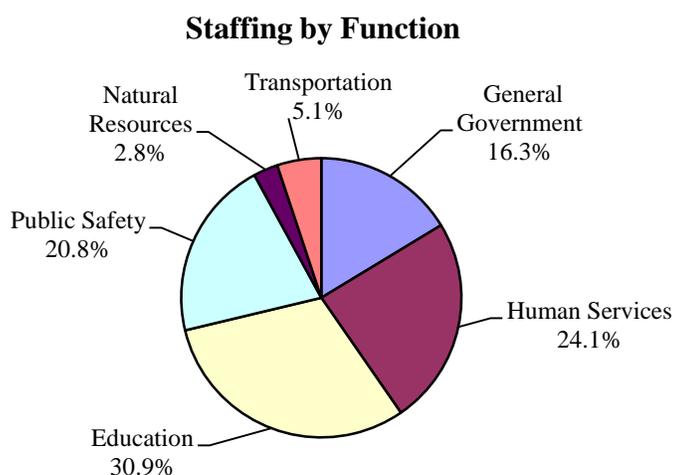
- ***Transfer of State Employees.*** The practice of cost allocation may skew the distribution of positions by function. In this case, cost allocation refers to the practice of charging an agency for a portion of the costs for a position that is working in a different agency. There are also cases in which the entire cost of a position is being charged to one agency while the authorization for that position is in another agency.

The 2017 Assembly adopted legislation in Section 6 of Article 5 of 2017-H 5175, Substitute A, as amended, requiring that the Personnel Administrator or any director of a department to file a written report with the Speaker of the House, the Senate President and the chairpersons of the House and Senate Finance Committees when transferring or extending the duration of a transferred employee. This report must be filed within seven days of making or extending the transfer. Since the adoption of this requirement, three reports identifying a total of three transfers have been received.

<b>Changes to Enacted</b>	<b>Gen. Gov't.</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Res.</b>	<b>Transp.</b>	<b>Total</b>
<i>FY 2019 Enacted</i>	2,438.9	3,682.6	4,748.2	3,160.0	425.0	755.0	15,209.7
New Positions	81.0	30.0	11.0	50.0	19.0	30.0	221.0
Program Reduction	(4.0)	(10.0)	(2.0)	-	-	-	(16.0)
Unidentified Program Changes	(2.0)	9.0	-	-	(8.0)	-	(1.0)
Unintended Reduction	(0.6)	-	-	-	-	-	(0.6)
<i>Total Change to Enacted</i>	74.4	29.0	9.0	50.0	11.0	30.0	203.4
<b>FY 2020 Recommended</b>	<b>2,513.3</b>	<b>3,711.6</b>	<b>4,757.2</b>	<b>3,210.0</b>	<b>436.0</b>	<b>785.0</b>	<b>15,413.1</b>

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2019 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 54.9 percent of all positions.

The Governor's budget includes 2,513.3 full-time equivalent positions for general government agencies, 16.3 percent of the distributed positions. This is 74.4 positions more than the authorized level to primarily reflect new positions in the Department of Administration for centralized services, in the Department of Business Regulation for the Office of Cannabis Regulation and in the Division of Motor Vehicles for implementation of Real ID requirements.



The budget provides 3,711.6 full-time equivalent positions for human services, or 24.1 percent of all distributed positions. This is 29.0 positions more than enacted.

The budget includes 4,757.2 full-time equivalent positions for education, 30.9 percent of all distributed positions. This is 9.0 positions more than the FY 2019 enacted budget.

There are 3,210.0 full-time equivalent positions for public safety agencies, 20.8 percent of all distributed positions. This is 50.0 positions more than the FY 2019 authorized level, including 30.0 new troopers and 10.0 correctional officers.

The budget includes 436.0 full-time equivalent positions for natural resources agencies, 11.0 more than enacted.

The budget includes 785.0 full-time equivalent positions for transportation, 30.0 more than enacted.

## Program Changes to FY 2019 Enacted Staffing Levels

**Administration.** The Governor recommends FY 2019 revised staffing of 657.7 full-time equivalent positions, 2.0 more than enacted. This includes three new positions, a senior buyer in the Division of Purchasing, a programmer to support the E-Procurement initiative and a programming services officer for human resources services. The latter two positions are supported from internal service charges. The recommendation reflects the elimination of one unidentified position.

The Governor recommends 670.1 positions for FY 2020, 12.4 more than the revised recommendation. This includes 18.0 new positions, 16.0 of which would support centralized services functions and 2.0 positions for a new Litigation Unit. The recommendation includes several transfers: a data analyst from the Division of Municipal Finance, the ombudsman position to the Department of Business Regulation and the Water Resources Board to the Public Utilities Commission. It eliminates two positions, a programming service officer, which is vacant and the cybersecurity officer. The recommendation also appears to have inadvertently reduced staffing by 0.6 positions.

**Business Regulation.** The Governor recommends FY 2019 revised staffing of 162.0 positions, 1.0 more than authorized including a financial management position for the Division of Building, Design and Fire Professionals, which was established in the FY 2019 enacted budget. Compared to her revised recommendations, she adds an additional 25.0 positions for FY 2020 staffing of 187.0. This includes the transfer of the ombudsman position from the Office of Regulatory Reform within the Department of Administration, 7.0 positions to oversee the Simplify and Streamline Initiative and 17.0 positions for the newly proposed Office of Cannabis Regulation.

**Executive Office of Commerce.** The Governor recommends 18.0 full-time equivalent positions for FY 2020, 2.0 more than authorized to support the Simplify and Streamline Initiative. FY 2019 revised staffing is consistent with the enacted level.

**Labor and Training.** The Governor recommends the enacted level of 409.7 positions for FY 2019 and 451.7 full-time equivalent positions for FY 2020, or 42.0 positions above the authorized level. This includes 37.0 full-time equivalent positions transferred from the Department of Revenue to align the Employer Tax Division and centralize work related to unemployment insurance, temporary disability and caregiver's insurance, and the Job Development Fund. It also includes 5.0 new full-time equivalent positions to implement the proposed Medicaid Assessment, which will charge for-profit employers of 300 or more individuals an assessment for each employee on Medicaid.

**Revenue.** The Governor recommends staffing of 587.5 full-time equivalent positions for FY 2020, 17.0 less than authorized. This reflects the transfer of 38.0 positions, including 1.0 position to the Department of Administration and 37.0 positions from the Employer Tax Division to the Department of Labor and Training. The recommendation eliminates 4.0 positions in the Division of Municipal Finance, 2.0 of which are unidentified. She adds 10.0 positions in the Division of Motor Vehicles increasing two for implementation of license plate enforcement and eight for year two of a two-year plan to meet Real ID requirements. She adds 1.0 attorney in the Division of Collections and 14.0 positions in the Division of Taxation, including 4.0 positions for adult use of marijuana.

**Public Utilities Commission.** The Governor recommends the authorized level of 53.0 positions for FY 2019 and 60.0 positions for FY 2020. This is 7.0 more than enacted, including the transfer of 3.0 positions for the Water Resources Board from the Department of Administration. She also adds 1.0 consumer agent to help customers facing potential utility shut-offs, 2.0 engineers, and 1.0 public utilities analyst.

**Executive Office of Health and Human Services.** The Governor recommends 195.0 full-time equivalent positions for FY 2019, 3.0 more than enacted for new legal staff, and 479.1 positions for FY 2020. The

Governor's budget transfers the Division of Elderly Affairs with its 31.0 positions and 240.1 positions from the Department of Human Services and adds 12.0 new positions for the Office of Veterans' Affairs for total staffing 252.1 positions. She also includes an additional legal position for childcare licensing above the FY 2019 recommendation of 3.0 positions for a total of 4.0 new positions for FY 2020.

**Children, Youth and Families.** The Governor recommends 629.5 full-time equivalent positions for both FY 2019 and FY 2020, 2.0 less than enacted. This includes the elimination of 10.0 positions at the Training School based on population. These are offset by the addition of 8.0 new positions, including 4.0 in central management, 3.0 for behavioral health services, and 1.0 unidentified position. For FY 2020, the Governor's budget transfers the Child Care Facilities Licensing unit to the Department of Human Services and adds 8.0 new full-time equivalent positions. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department.

**Health.** The Governor recommends FY 2019 revised staffing of 517.6 full-time equivalent positions, 3.0 more than authorized to conduct inspections of state-licensed facilities. To the revised recommendation, she adds an additional 3.0 positions to support adult use marijuana for FY 2020 staffing of 520.6 positions.

**Human Services.** The Governor's revised recommendation includes 1,030.1 full-time equivalent positions, 10.0 more than authorized. This reflects the transfer of 2.0 positions to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and 12.0 new positions for the Veterans' Home in Bristol. For FY 2020, she recommends 755.0 full-time equivalent positions, 265.1 less than the authorized level, transferring 240.1 positions from the Office of Veterans' Affairs and 31.0 from the Division of Elderly Affairs to the Executive Office of Health and Human Services, and 2.0 positions to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor's budget transfers the Child Care Facilities Licensing unit to the Department of Human Services and adds 8.0 new full-time equivalent positions. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within that Department.

**Behavioral Healthcare, Developmental Disabilities and Hospitals.** The Governor recommends 1,304.4 full-time equivalent positions for FY 2019 and 1,305.4 positions for FY 2020. This includes the transfer of 2.0 quality management positions from the Department of Human Services in both years and a new Substance Use Disorder Program Administrator funded through revenue from the adult use marijuana proposal for FY 2020.

**Elementary and Secondary Education.** The Governor recommends FY 2019 revised staffing of 323.1 full-time equivalent positions, 2.0 more than enacted to support two new federally funded programs, one for adolescent mental health and another to improve school climate. Her FY 2020 recommendation of 328.1 full-time equivalent positions is 5.0 more than the revised budget, including 1.0 school construction position to be funded from the Rhode Island Health and Educational Building Corporation and 4.0 positions to support the Governor's universal prekindergarten initiative funded from general revenues.

**Public Higher Education.** The Governor recommends 4,396.3 full-time equivalent positions for FY 2020, 2.0 more than enacted. This includes 3.0 new positions for the Westerly Higher Education Center, including 1.0 administrative professional to assess student academic and career preparedness, 1.0 event coordinator, and 1.0 proposal development lead to assist with grant applications. She also adds 1.0 new operations and facilities manager for the Northern Rhode Island Higher Education Center and restores 2.0 of the 4.0 positions recently vacated after the transfer of guaranty agency operations to a successor agency made these positions no longer necessary, which provides 2.0 new positions for the Office.

For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding. The Governor recommends creating a separate

limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island such as dining halls. The recommendation also reduces the number of third-party funded positions to 440.0 from 622.8. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

**Office of the Attorney General.** The Governor recommends 239.1 full-time equivalent positions for FY 2020, 2.0 more than authorized. This includes 1.0 new traffic safety resource prosecutor, and 1.0 new intake clerk to assist with intake and screening operations.

**Corrections.** The Governor recommends 1,426.0 full-time equivalent positions for FY 2020, which is 10.0 more correctional officer positions than authorized to allow the Department to hire all 70 of the correctional officer Class 83 graduates.

**Military Staff.** The Governor recommends 98.0 full-time equivalent positions for FY 2020, 6.0 more than authorized for National Guard programs. The positions include one environmental protection specialist, one technical assistant, two security managers and two facilities management officers.

**Public Safety.** The Governor recommends 595.6 positions for FY 2020, which is 31.0 more than enacted. This includes 1.0 grant manager to assist the Division of Central Management and 30.0 new state police troopers which are expected to graduate from the State Police Training Academy on July 1, 2019.

**Public Defender.** The Governor recommends 96.0 positions for FY 2020, which is 1.0 more than enacted, to convert a contracted social worker who assists at juvenile arraignments to full-time equivalent position.

**Environmental Management.** The Governor recommends 406.0 full-time equivalent positions for FY 2020, or 11.0 positions above the authorized level. This includes 4.0 maintenance staff, 1.0 assistant administrator of financial management, 1.0 senior civil engineer, and 1.0 senior reconciliation clerk in the Bureau of Natural Resources; 1.0 business management officer in the Office of the Director; and 2.0 environmental scientists as well as 1.0 programming services officer in the Bureau of Environmental Protection. It should be noted that the FY 2019 revised and FY 2020 budget recommendations show a reduction of 8.0 unidentified full-time equivalent positions.

**Transportation.** For FY 2020, the Governor recommends 785.0 full-time equivalent positions, 30.0 positions more than enacted. These are primarily related to a plan to perform more operations in-house. The recommendation also includes a new community liaison officer, an economic and policy analyst, a project manager, and a managing engineer.



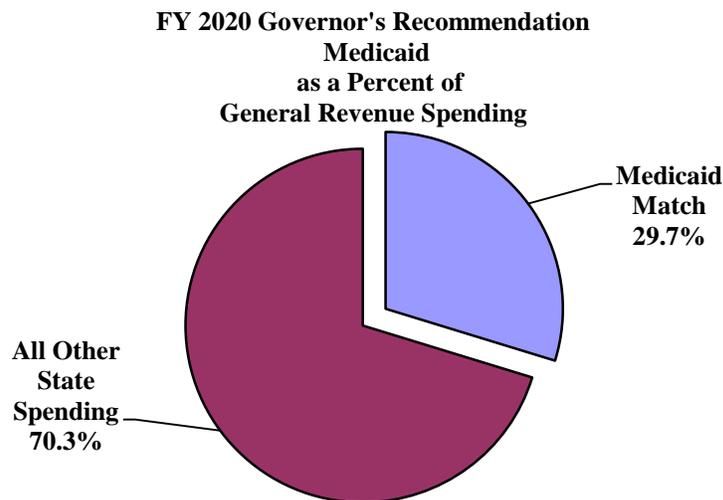
## Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government’s share of expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010, states have the option of expanding coverage to include certain low-income adults with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost.

Rhode Island provides medical assistance, residential care, community based services and case management activities to individuals who meet the eligibility criteria established for the various assistance programs operated by the Executive Office of Health and Human Services and the four departments under its umbrella: the Departments of Human Services; Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; and Health. The following table shows Medicaid spending by department, including administrative and direct benefits costs, and by percent of the total Medicaid budget.

FY 2020 Recommended	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 996,833,264	\$ 2,646,832,325	85.3%
BHDDH	188,391,018	401,168,378	12.9%
Children, Youth and Families	21,360,599	44,679,151	1.4%
Human Services	4,637,932	8,954,522	0.3%
Health	863,765	1,103,307	0.0%
<b>Total</b>	<b>\$ 1,212,086,578</b>	<b>\$ 3,102,737,683</b>	<b>100%</b>

**Medicaid as a Percent of the State Budget.** Programs supported by Medicaid are 31.2 percent of total spending in the FY 2020 Governor’s recommended budget and 29.7 percent of spending from general revenues.



The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state’s mandated coverage for these populations, the number of individuals receiving services and the cost, as well as other optional services that the state provides through the health and human service agencies.

The 2012 Assembly concurred with the Governor’s FY 2013 budget recommendation to shift Medicaid benefits to the Executive Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The Executive Office’s budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families. The Governor recommends transferring the Division of Elderly Affairs from the Department of Human Services to the Executive Office of Health and Human Services and renaming it the Office of Elder Services; this is contained in several sections of Article 4 of 2019-H 5151.

**Reinventing Medicaid.** On February 26, 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid, which was comprised of Medicaid stakeholders to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program.

The Governor included \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. She then proposed revisions to those savings that included increased revenues as well as expenditure reductions. The Assembly enacted the FY 2016 budget with a majority of the proposals.

The following table shows only the expenditure savings assumed for the Executive Office from Reinventing Medicaid for FY 2018. A majority of the savings, \$71.0 million, is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans.

Proposal	FY 2018 Final		Status*
	Gen. Rev.	All Funds	
Hospital/Nursing Home & Managed Care Payments	\$ (30,943,766)	\$ (70,988,688)	Implemented
Pilot Coordinated Care Program	(3,846,985)	(12,077,294)	Implemented
Community Health Teams	(1,035,000)	(2,083,333)	Implemented
Home Stabilization Initiatives	-	-	Not Implemented
Assisted Living Opportunities	-	-	Not Implemented
Adult Day Services	(593,338)	(1,207,690)	Implemented
Coordinated Care Management for SPMI	(2,563,601)	(6,000,000)	Implemented
Medicaid Eligible Adults to Expansion	(1,500,000)	-	Implemented
Electronic Visit Verification	(256,250)	(512,500)	Implemented
Evaluate Structural Barriers to HCBS	-	-	Not Implemented
Enhanced Residency Verification	-	-	Not Implemented
Automate Patient Share	-	-	Not Implemented
Personal Choice Program Admin	-	-	Not Implemented
Enhanced Medicare Identification	-	-	Not Implemented
Coordinate Coverage with VA for veterans	-	-	Not Implemented
Predictive Modeling	(1,018,440)	(2,505,000)	Implemented
LTC - Align Activities of Daily Living	-	-	Not Implemented
Best price drugs	(1,759,500)	(3,519,000)	Implemented
Redesign CEDARR Services	(2,098,700)	(4,224,436)	Implemented
Move CSHCN Services in-plan	(1,581,792)	(3,219,606)	Implemented
Align Commercial Insurance Mandates	-	-	Not Implemented
Redesign Connect Care Choice Program	-	-	Not Implemented
<b>Total</b>	<b>\$ (47,197,372)</b>	<b>\$ (106,337,547)</b>	

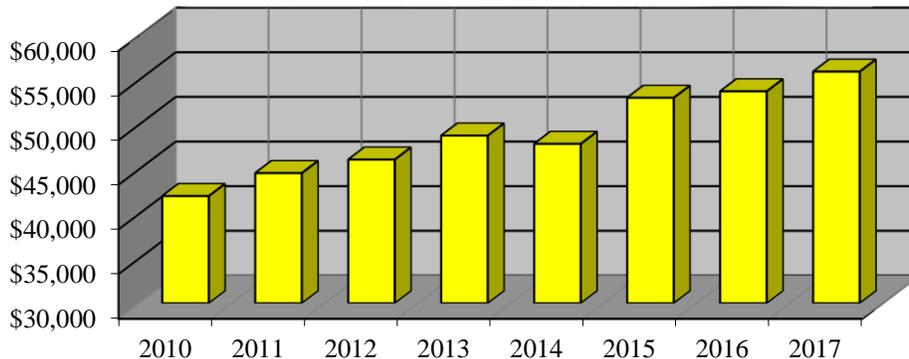
*\*As of the May 2018 Caseload Estimating Conference*

There were over 40 initiatives and the table above aggregates some of the program efficiencies, such as moving CEDARR services into the managed care plans and coordinated coverage for those with other third-party coverage. The proposals identified as not implemented are as of the FY 2018 final budget. Some proposals, such as new efforts to automate patient share and housing stabilization services are part of the new waiver submission. Any savings from those would have occurred in FY 2019 and the out-years. The two initiatives were included in the Medicaid waiver extension submitted in March 2018 but were not part of the December 2018 approval. The Executive Office has indicated that it is still requesting approval for the state to automate collection of patient share.

**Medicaid Rate.** The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a Medicaid rate. The formula that determines an individual state’s Medicaid rate is based on that state’s three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs.

By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that the federal contribution to any state’s administrative costs for Medicaid services is set at 50 percent. The following chart shows the state’s per capita income for the previous eight calendar years. The FY 2020 rate is based on 2015 through 2017 data. The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state’s reimbursement rate for Medicaid.

**State of Rhode Island Per Capita Personal Income**



The following table includes the Rhode Island Medicaid rates used from FY 2010 through the projected FY 2020 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2019 projected rate is based on one quarter of the federal fiscal year 2018 rate and three quarters of the federal fiscal year 2019 rate resulting in the different rate for budgetary purposes. The Medicaid rates are shown in the following table.

<b>Medicaid Rates</b>	<b>FFY</b>	<b>SFY</b>
2020	52.95%	52.86%
2019	52.57%	52.29%
2018	51.45%	51.34%
2017	51.02%	50.87%
2016	50.42%	50.32%
2015	50.00%	50.03%
2014	50.11%	50.40%
2013	51.26%	51.48%
2012	52.12%	52.33%
2011	61.39%	62.26%
2010	63.93%	63.92%

**Medicaid - CHIP Enhanced Rate.** The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state’s largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the enhanced federal medical assistance percentage rate, the federal matching rate for the Children’s Health Insurance Program (CHIP). The enhanced Medicaid rate reduces the state share by 30 percent. For example, if a state’s Medicaid rate is 52 percent, its state share is 48 percent. That gets lowered to 33.6 percent under the enhanced rate of 66.7 percent. A state’s Medicaid rate may increase or decrease depending on the adjustment to a state’s per capita income, as does the enhanced Medicaid rate.

The Affordable Care Act increased the already enhanced CHIP rate by another 23 percentage points. On January 22, 2018, the program was extended for ten years, expiring on October 1, 2026. The 23 point rate increase will be provided until FFY 2020 when it will be lowered to 11.5 extra points. The regular CHIP enhanced rate would return starting in FFY 2021. The FFY 2020 rate is 78.57 percent and staff has estimated that the rate for FFY 2021 and FFY 2022 will be 67.07 percent, based on the current state enhanced Medicaid rate for FFY 2020.

<b>CHIP Rates</b>	<b>FFY</b>	<b>SFY</b>
2022	67.07%	67.07%
2021	67.07%	69.95%
2020	78.57%	81.14%
2019	89.80%	89.61%
2018	89.02%	88.95%
2017	88.71%	88.61%
2016	88.29%	82.47%
2015	65.00%	65.04%

**The Patient Protection and Affordable Care Act of 2010.** On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provides for national health care reform. The following week, he signed a package of amendments to the Act, called the Health Care and Education Reconciliation Act of 2010, though when referring to health care reform legislation, the Affordable Care Act (ACA) is the referenced Act, and the amendments are considered included.

The Act required most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expanded Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. The Tax Cuts and Jobs Act of 2018 repealed the individual mandate to purchase health insurance, but did not make any changes to the expansion program.

The Affordable Care Act also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty; this also remains unchanged in the Tax Cuts and Jobs Act. The Act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age but who are not eligible for Medicare. This provision was not changed.

The Affordable Care Act allows young adults to remain on a parent's or guardian's health plan until age 26; this provision became effective September 23, 2010. Issued regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island currently requires insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student. If the dependent child is mentally or physically impaired, the plan must continue coverage after the specified age. This provision remains in current law.

Medicaid Expansion. Title II of the Act expands eligibility for Medicaid to lower income persons and assumes federal responsibility for much of the cost of this expansion. Beginning on January 1, 2014, all children, parents and adults without dependent children who are not entitled to Medicare and who have family incomes up to 138 percent of poverty became eligible for Medicaid. The 2013 Assembly expanded coverage to this population.

Between 2014 and 2016, the federal government paid 100 percent of the cost of covering newly-eligible individuals. On January 1, 2017, the Medicaid rate decreased to 95 percent. The rate is 94 percent for calendar year 2018; it drops to 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match.

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019, or FY 2020, for children currently in Medicaid. This requirement has been extended until September 30, 2023 with the recent passage of the Healthy Kids Act that extended the Children's Health Insurance Program. For Rhode Island, this requirement applies to RIte Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange. The eligibility threshold for the parent was increased to 138 percent to match the threshold for the expansion program which is 133 percent of poverty after disregarding five percent of the annual income.

Similar to provisions in the American Recovery and Reinvestment Act, states cannot take actions to lower enrollment or make eligibility stricter. States can reduce provider fees, but must prove that the reduction will not make it harder for Medicaid patients to get needed care; states may eliminate optional benefits.

As noted, the federal government paid 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty from January 1, 2014 until January 1, 2017, or FY 2018, with the rate incrementally decreasing to 90 percent by January 2020 requiring a 10 percent state match. The FY 2018 final budget includes \$469.1 million from all sources, \$443.2 million from federal funds and \$25.9 million from the state match. The FY 2019 enacted budget includes \$469.2 million, including \$438.6 million from federal funds and \$30.6 million from general revenues and the program's out-year estimates, including the state match, are shown in the following table.

<b>Medicaid Expansion</b>		
<b>FY</b>	<b>General Revenues</b>	<b>All Funds</b>
2018	\$ 25.9	\$ 469.1
2019	\$ 30.6	\$ 469.2
2020	\$ 41.2	\$ 485.1
2021	\$ 50.1	\$ 501.1
2022	\$ 51.8	\$ 517.7
2023	\$ 53.5	\$ 534.7

*\$ In millions*

**HealthSource RI.** In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the health benefits exchange into general law as a division within the Department of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$6.4 million budgeted for FY 2019. The budget also includes \$2.4 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

HealthSource RI, in addition to offering in-person assistance from professional health benefits navigators, also offers online tools to assist Rhode Island residents and small businesses with shopping for and purchasing health insurance. All plans offered through HealthSource RI meet minimum coverage requirements set by the federal government, including essential health benefits such as preventive care and annual physicals, doctor sick visits, hospitalizations, maternity care, emergency room visits, and prescription coverage.

Tools offered through HealthSource RI can be used by those who do not have coverage either through an individual plan or through an employer plan, are under-insured by their individual or employer plan, and those who are comparison shopping between their current plan and plans offered through the exchange. Small employers with fewer than 50 full-time employees may also use HealthSource RI to offer coverage options to their employees.

The 2015 Legislature required religious employers that purchase plans on the Exchange to offer their employees a full-choice option. The employers would not be responsible for any additional costs of a plan selected by an employee. It also required that if an employer elects the religious exemption variation, it must provide written notice to enrollees that the plan excludes coverage for abortion services.

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

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

**Reinsurance Program.** The Governor includes Article 14 of 2019-H 5151 to establish a Reinsurance Program, which is envisioned to provide stability in the individual insurance market. It imposes a shared

responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions and would be effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18 or 2.5 percent of the household's income; however, the penalty was capped at the national average premium for bronze level plans. Article 14 mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's health benefits exchange. This currently equates to \$2,388. The collections from tax year 2017 were approximately \$11.0 million. The penalty would be collected by the tax administrator and would be deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds would be used to provide reinsurance or payments to health insurance carriers, as a mean of ensuring that premiums do not increase drastically, and administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services.

**Employer Public Assistance Assessment.** The Governor also includes Section 4 of Article 16 of 2019-H 5151 to implement an employer public assistance assessment. This would require an employer with 300 or more employees to pay a quarterly assessment for each employee, who during that quarter, is a Medicaid recipient. The assessment is based on 10 percent of the employee wages not to exceed \$1,500 annually. If an employee is a disabled adult, the employer will not be charged an assessment on this individual. The Departments of Administration, Revenue, Human Services, Labor and Training and the Executive Office of Health and Human Services will collect and share the necessary data which will not be a public record. The Governor's FY 2020 budget assumes \$15.6 million in revenue for the assessment and \$1.1 million for administrative expenses in the Department of Labor and Training.

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

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

On May 16, 2016, the Executive Office held the final public hearing and sought federal approval; however, that decision was not made before the Assembly adjourned in late June. The Assembly did include \$18.8 million from federal funds in the Medical Assistance program in the event that the program was approved. The fall caseload estimating conference, which met on November 7, 2016, did not provide a funding estimate since the program is not considered an entitlement.

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

through a rebalancing strategy that includes the introduction of an affordable entity payment. The Executive Office spent \$7.0 million in FY 2017 in the medical assistance program for incentive payments to nursing facilities.

The second phase is to expand opportunities through the Accountable Entities and the FY 2018 final budget includes \$9.3 million for the administrative expenses. The Executive Office has entered into the following financial arrangements: \$2.0 million for its investment in the Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project that includes \$162.6 million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project replaces the state's existing eligibility system that will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

The state submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increased state funding by \$27.2 million. The updated plan called for a one-year delay to July 12, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies. Following adoption of the budget, the Executive Office indicated that the start date for Phase II would be delayed two months until September 13, 2016 so the state could comply with federal testing requirements for the new system.

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

As of January 1, 2017, the Unified Health Infrastructure Project continued to have multiple operational problems and the state received notification from the Food and Nutrition Service of its concern with system function. At that time, the state submitted a corrective action plan addressing issues identified by the federal authority. The state received additional federal correspondence in July 2017 for further information to correct reporting issues.

The state submitted an update on its corrective action plan in December 2017 of progress being made regarding the functionality of the new system. However, as of January 1, 2018, the Unified Health Infrastructure Project continued to function with multiple operational problems and the state received notification from the Food and Nutrition Service of its concern with system functionality. The state submitted a corrective action plan addressing issues identified by the federal authority and provided an update on May 15, 2018 on the progress the state is making towards having a fully functioning system.

The state was approved for a project plan that totals \$444.5 million through federal fiscal year 2019. This includes \$355.2 million from federal funds and \$89.3 million from general revenues. Design, development and implementation costs total \$298.5 million and \$146.0 million is for maintenance and operations. The

planning document indicated that the backlogs would be cleared by March 30, 2018 and the system would be fully compliant by September 28, 2018. The state submitted an updated plan on April 30, 2018 that increased projected expenses to \$491.7 million, including \$108.2 million from general revenues.

The state has recently been approved for a project plan that totals \$647.7 million through the first quarter of federal fiscal year 2019. This includes \$509.5 million from federal funds and \$138.2 million from general revenues for design, development and implementation. This is \$451.5 million and \$196.3 million for maintenance and operations, respectively. The previous planning document filed in July 2018 does not contain the same information as to when the system will be fully compliant.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
<b>FY 2016 through FY 2018*</b>	<b>\$ 28,486,426</b>	<b>\$ 161,745,096</b>	<b>\$ -</b>	<b>\$ 4,272,795</b>	<b>\$ 194,504,317</b>
<b>FY 2019 Enacted</b>					
EOHHS	\$ 5,072,074	\$ 23,762,551	\$ -	\$ -	\$ 28,834,625
DHS	1,791,312	6,658,460	6,952,634	-	15,402,406
HealthSource RI/Contact Center	-	-	-	-	-
<b>Total</b>	<b>\$ 6,863,386</b>	<b>\$ 30,421,011</b>	<b>\$ 6,952,634</b>	<b>\$ -</b>	<b>\$ 44,237,031</b>
<b>FY 2019 Governor's Rev. Rec.</b>					
EOHHS	\$ 4,017,174	\$ 66,123,285	\$ 5,251,737	\$ 616,924	\$ 76,009,120
DHS	(320,201)	11,869,411	8,307,102	-	19,856,312
HealthSource RI/Contact Center	-	-	414,343	4,046,490	4,460,833
<b>Total</b>	<b>\$ 3,696,973</b>	<b>\$ 77,992,696</b>	<b>\$ 13,973,182</b>	<b>\$ 4,663,414</b>	<b>\$ 100,326,265</b>
<b>Gov. Rev. Rec. to Enacted</b>					
EOHHS	\$ (1,054,900)	\$ 42,360,734	\$ 5,251,737	\$ 616,924	\$ 47,174,495
DHS	(2,111,513)	5,210,951	1,354,468	-	4,453,906
HealthSource RI/Contact Center	-	-	414,343	4,046,490	4,460,833
<b>Total</b>	<b>\$ (1,054,900)</b>	<b>\$ 42,360,734</b>	<b>\$ 5,666,080</b>	<b>\$ 4,663,414</b>	<b>\$ 51,635,328</b>
<b>FY 2020 Governor's Rec.</b>					
EOHHS	\$ 2,822,709	\$ 62,449,935	\$ 7,490,531	\$ -	\$ 72,763,175
DHS	(694,831)	12,104,456	11,407,083	-	22,816,708
HealthSource RI/Contact Center	-	-	1,500,493	1,992,959	3,493,452
<b>Total</b>	<b>\$ 2,127,878</b>	<b>\$ 74,554,391</b>	<b>\$ 20,398,107</b>	<b>\$ 1,992,959</b>	<b>\$ 99,073,335</b>
<b>Gov. Rec. to Enacted</b>					
EOHHS	\$ (2,249,365)	\$ 38,687,384	\$ 7,490,531	\$ -	\$ 43,928,550
DHS	(2,486,143)	5,445,996	4,454,449	-	7,414,302
HealthSource RI/Contact Center	-	-	1,500,493	1,992,959	3,493,452
<b>Total</b>	<b>\$ (4,735,508)</b>	<b>\$ 44,133,380</b>	<b>\$ 13,445,473</b>	<b>\$ 1,992,959</b>	<b>\$ 54,836,304</b>

\*Funding in EOHHS and DHS

Expenses for the Unified Health Infrastructure Project appear in the Executive Office of Health and Human Services' budget and the Departments of Human Services and Administration. The FY 2019 enacted budget includes \$44.3 million from all sources, including \$6.9 million from general revenues, \$30.4 million from federal funds and \$7.0 million from the contractor that is booked as restricted receipts. The FY 2016 final expenses are \$101.9 million, including \$15.9 million from general revenues and FY 2017 final expenses are \$47.5 million, including \$6.9 million from general revenues.

The 2017 Assembly added 143 new positions to support the project which is consistent with the Governor's amendment to address staffing needs through the "Get Well Plan" which was released in the spring of 2017. For the FY 2019 and FY 2020 recommendations, those employees are being supported through restricted receipts.

**Rhode Island Consumer Choice Global Compact Waiver.** The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare and Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides

Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. It was in effect until December 31, 2013, at which time the state applied for and received an extension until December 31, 2018, renaming it the 1115 Research and Demonstration Waiver. The state recently received approval to extend the waiver until December 31, 2023.

Programs under the waiver include RItE Care, Rhody Health Partners, Rhody Health Options, home and community based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments. It also allowed the state to leverage Medicaid for services that were previously state-only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families.

As part of the Medicaid resolution language included in Article 13 of 2018-H 7200, Substitute A, as amended, the state has legislative approval to seek extension of the waiver. The state received that approval and the waiver was extended until December 31, 2023. The following table summarizes some of the new benefits that were included in the extension.

<b>Proposals Approved and Considered as part of the Governor's Recommendations</b>	
<i>Program</i>	<i>Explanation</i>
BH Link	<ul style="list-style-type: none"> <li>•Behavioral Health Link (BH Link) triage center to support crisis stabilization and short-term treatment for individuals experiencing a behavioral health or substance use crisis.</li> <li>•Number of providers allowed to provide this service is limited to one.</li> </ul>
Adults with Developmental Disabilities - Level of Care Criteria	<ul style="list-style-type: none"> <li>•Strengthening eligibility criteria for group home services for the developmentally disabled (DD) population receiving HCBS; designed to ensure that the services provided are in the most integrated, least restrictive setting, that the services are appropriate for the needs of the population, and to reduce an over reliance on the most restrictive and highest cost community living option.</li> <li>•Criteria will not be applied to those individuals that are already residing in a group home.</li> </ul>
DSHP Claiming & Expenditure Authority for 5 Years	<ul style="list-style-type: none"> <li>•Extension of the Designated State Health Program (DSHP) authority through December 31, 2020, allowing continued work on Accountable Entities and Healthcare Workforce Development activities through 2022.</li> </ul>

The next table shows proposals that have been approved but not included in the Governor's FY 2019 or FY 2020 recommended budgets that impact youth and families.

<b>Proposals Approved and Not Funded as part of the Governor's Recommendations</b>	
<i>Programs for Youth and Families</i>	<i>Explanation</i>
Facilitating Medicaid Eligibility for Children with Special Needs	<ul style="list-style-type: none"> <li>• Eligibility category established for children who meet the SSI disability criteria, but whose household income &amp; assets exceed the SSI resource limits, and who need care in a psychiatric residential treatment facility.</li> <li>• Allows children who meet the SSI disability criteria and require care in a residential treatment facility to become Medicaid eligible and receive residential care without parents needing to voluntarily relinquish custody to the Department of Children, Youth and Families.</li> </ul>
Covering Family Home Visiting Programs	<ul style="list-style-type: none"> <li>• Able to receive federal matching funds for evidence-based home visiting services for Medicaid-eligible pregnant women and children up to age four who are at-risk for adverse health, behavioral, and educational outcomes.</li> <li>• Aimed at improving maternal and child health outcomes, encouraging positive parenting, and promoting child development and school readiness.</li> </ul>
Enhancing Peer Support Services for Parents & Youth	<ul style="list-style-type: none"> <li>• Able to receive federal Matching funds for peer mentoring services to children, youth, and young adults, and their families, who have complex behavioral health needs and are at risk of removal from the home due to child welfare or juvenile justice involvement, or who may need extended residential psychiatric treatment.</li> </ul>

The next table shows proposals that have been approved but not included in the Governor's FY 2019 or FY 2020 recommended budgets that impact adults.

<b>Proposals Approved and Not Funded as part of the Governor's Recommendations</b>	
<i>Programs for Adults</i>	<i>Explanation</i>
Piloting Dental Case Management	<ul style="list-style-type: none"> <li>• Pilot 4 new dental case management payments in select group of six trained dental practices.</li> </ul>
Supporting Home- and Community-Based Therapeutic Services for the Adult Population	<ul style="list-style-type: none"> <li>• Expansion of current in-home/community-based skill building and therapeutic/clinical services offered to children, for adults.</li> <li>• Services may include but are not limited to: home-based specialized treatment; home-based treatment support; individual-specific orientation; transitional service; lead therapy; life skill building; specialized treatment consultation by a behavioral health clinician; and treatment coordination.</li> </ul>
Access to Care for Homebound Individuals	<ul style="list-style-type: none"> <li>• Cover home-based primary care services only for Medicaid-eligible individuals who are homebound, have functional limitations that make it difficult to access primary care, or for whom routine office-based primary care is not effective because of complex medical, social, and/or behavioral health conditions.</li> </ul>
Waive the Institutions of Mental Disease (IMD) Exclusion	<ul style="list-style-type: none"> <li>• Waiver of the IMD exclusion to allow Medicaid coverage for residential treatment services in a facility with 16 or more beds for individuals who have substance use disorders.</li> <li>• <b>CMS has approved a waiver of the IMD exclusion for substance abuse disorder only, not mental health.</b></li> </ul>

One aspect that did change was the process that the state has to adhere to in order to amend the waiver. Previously, the process was dictated by the nature of the change and identified as either a Category I, II or III change. The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

Category	Assembly Approval	Global Waiver Change	Examples Waiver Changes
I	No	Any administrative change that does not affect eligibility, benefits, healthcare delivery, payment methods or cost sharing	General operating procedures, instruments to determine level of care and prior authorization procedures
II	Yes	State plan amendment change that does not change the special terms and conditions of the global waiver or expenditure authority	Benefit packages, payment methods, and cost sharing levels that do not affect eligibility
III	Yes	Requires modifying the current waiver or expenditure authority	All eligibility changes, changes to spend down levels, aggregate changes to cost sharing that exceed current limit

As part of the waiver extension, the Centers for Medicare and Medicaid Services notified the state that the process to approve requested waiver changes would be streamlined and the separate categories eliminated. There would now be one process to make formal amendment changes that were previously considered Category III. The Governor includes Section 9 of Article 16 of 2019-H 5151 to require Assembly approval for only those formal changes. The proposal does not retain the requirement that the Executive Office of Health and Human Services notify the legislature of, and seek approval for, any program changes made through the Medicaid state plan that were previously Category II changes. This authority could be retained by the Assembly but the language needs to change because the category distinctions are no longer valid.

**Medicaid Expenses - State/National Comparison.** The Medicaid report has compared national and state 2013 Medicaid spending using the Medicaid and Children’s Health Insurance Program Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). The updated MACStats Data Book (December 2016 and 2017) includes national and state 2013 spending; however, certain information for Rhode Island is not listed because as footnoted: *State was excluded due to data reliability concerns regarding completeness of monthly claims and enrollment data.* The information has not been updated for 2013 data and as such is being excluded from this year’s edition of the report. Prior House Fiscal Advisory Staff analyses show the older data.

### Poverty Guidelines

The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office. The 2018 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 12,140	\$ 16,146	\$ 16,753	\$ 18,210	\$ 21,852	\$ 22,459	\$ 27,315	\$ 30,350
2	16,460	21,892	22,715	24,690	29,628	30,451	37,035	41,150
3	20,780	27,637	28,676	31,170	37,404	38,443	46,755	51,950
4	25,100	33,383	34,638	37,650	45,180	46,435	56,475	62,750
5	29,420	39,129	40,600	44,130	52,956	54,427	66,195	73,550
6	33,740	44,874	46,561	50,610	60,732	62,419	75,915	84,350
7	38,060	50,620	52,523	57,090	68,508	70,411	85,635	95,150
8	42,380	56,365	58,484	63,570	76,284	78,403	95,355	105,950

*For families with more than 8 members, add \$4,320 for each additional member for the 100 percent calculation.*

The poverty guidelines are based on the calculations made for the poverty threshold used by the United States Census Bureau mainly for statistical purposes, for instance, preparing the estimates of the number of Americans in poverty for each year's report.

They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are thresholds used to determine financial eligibility for certain federal programs. They are adjusted for families of different sizes.

Both the thresholds and the guidelines are updated annually for price changes using the Consumer Price Index for All Urban Consumers (CPI-U). The poverty guidelines are sometimes loosely referred to as the “federal poverty level” or “poverty line.”

### Medicaid Recipients

**Citizenship Requirements.** To be eligible to receive Medicaid funded services, an individual must generally either be a citizen or legal resident for at least five years. Individuals must also be a resident of the state in which they are applying for benefits.

**Pregnant Women.** Medical services are provided to pregnant women whose annual income is at or below 250 percent of the poverty level. States are mandated to provide services to women at or below 133 percent of poverty.

**Children and Parents.** Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 133 percent of poverty through the RItE Care and RItE Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

**Children with Special Health Care Needs.** Medical services are provided to children with special health care needs including children in Department of Children, Youth and Families’ care who are in foster care and adoptive placement.

The following table shows the populations to which a state must provide medical benefits and the eligibility criteria established in Rhode Island. Each is discussed separately in the following pages.

Populations	
Mandatory	Optional
Low income Medicare beneficiaries up to 135% of poverty	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Children up to age 1 at or below 185% of poverty; Parents and children age 1 to 19 at or below 133 % of poverty	Children to 250% of poverty
Supplemental Security Income or Social Security Disability Insurance recipients	Non-disabled adults, without dependent children, ages 19 through 64 with income at or below 138% of poverty
	Individuals who are medically needy
	Women eligible for breast and cervical cancer treatment services
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care

**Low Income Elderly.** Individuals age 65 and older are eligible for medical benefits based on income and resources. They are eligible for community and/or long term care services if they meet income guidelines and the level of care requirements for the state’s programs.

**Medicaid Eligible Disabled Non-Elderly Adults.** The state provides medical and cash assistance benefits to an adult, under the age of 65, if that individual meets the Social Security Administration definition of disabled. A person is considered disabled if they have a physical or mental disability, expected to last longer than six months and result in their death.

There are two programs that provide a monthly cash assistance benefit to a disabled individual: Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI).

If an individual is determined to be disabled and has a work history of 40 quarters, he or she may first be eligible for Social Security Disability Insurance, which is not considered to be a public assistance program. This is a federal program where the individual receives a monthly payment.

The second program available to a disabled individual is the Supplemental Security Income program. This is a federal public assistance program for individuals with limited income and resources. Individuals may be eligible for both the Social Security Disability Insurance program and the Supplemental Security Income program if they meet the income eligibility requirements. States have the option of providing a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

**Non-Disabled Adults without Dependent Children.** The 2013 Assembly expanded Medicaid coverage to non-disabled adults without dependent children, between the ages of 19 and 64 at or below 138 percent of federal poverty, consistent with the changes under the Affordable Care Act.

**Breast and Cervical Cancer Treatment.** The state provides breast and cervical cancer treatment services through the Medicaid global waiver. A woman must first be screened through the Department of Health’s women’s cancer screening program before she can receive Medicaid covered treatment services and be at or below 250 percent of poverty.

### **Medicaid - Benefits**

States must provide mandatory benefits to certain populations. States can also choose to cover additional populations and provide additional benefits beyond what is mandated by the federal government. If a state chooses to extend coverage to additional populations, it must provide the same mandatory services it gives to its mandatory populations.

The most recent Executive Office of Health and Human Services’ Rhode Island Annual Medicaid Expenditure Report includes Medicaid spending by population and cost per person for FY 2016 as shown in the following table.

<b>Populations</b>	<b>Persons</b>	<b>% of Population</b>	<b>Costs</b>	<b>% of Cost</b>	<b>Annual Cost/Person</b>
Children/Parents	153,342	54.4%	\$ 537.0	25.9%	\$ 3,504
Expansion	64,989	23.1%	402.0	19.4%	\$ 6,186
Elderly	19,198	6.8%	559.0	27.0%	\$ 29,124
Disabled - Children	12,025	4.3%	170.0	8.2%	\$ 14,052
Disabled - Adults	32,080	11.4%	402.0	19.4%	\$ 23,496
<b>Total</b>	281,634	100%	\$ 2,070.0	100.0%	

*\$ In millions*

The report typically included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this has been excluded from the report since FY 2014. It was included in the report for FY 2013 spending, which is shown in the next table. The state spent \$1,785.0 million from

federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

<b>FY 2013 Medicaid</b>		<b>Gen. Rev.</b>	<b>All Funds</b>
<b>Mandatory Populations</b>	Mandatory Services	\$ 298.4	\$ 615.0
	Optional Services	134.9	278.0
	<i>Subtotal - Mandatory Populations</i>	<i>\$ 433.3</i>	<i>\$ 893.0</i>
<b>Optional Populations</b>	Mandatory Services	\$ 311.0	\$ 641.0
	Optional Services	121.8	251.0
	<i>Subtotal - Optional Populations</i>	<i>\$ 432.8</i>	<i>\$ 892.0</i>
<b>Total Expenses</b>		<b>\$ 866.1</b>	<b>\$ 1,785.0</b>

*\$ In millions*

The requirements to submit the annual report are contained in Rhode Island General Law, Section 42-7.5 (4) and include reporting on: expenditures, outcomes and utilization rates by population and sub-population served (e.g. families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elders); expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving federal reimbursement under Medicaid; and expenditures, outcomes and utilization rates by type of service and/or service provider.

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

<b>Acute Care Benefits</b>	
<b>Mandatory</b>	<b>Optional</b>
Physician services	Prescriptions
Lab & X-ray	Rehabilitation & other therapies
In/outpatient hospital services	Clinical Services
Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services	Dental, dentures, prosthetic devices & eyeglasses
Family planning services and supplies	Case management
Federally qualified health centers and rural health clinic services	Durable medical equipment
Nurse midwife as state law permits	Tuberculosis related services
Certified pediatric & family nurse practitioner services	Medical remedial care provided by other licensed professionals

In addition, the next table includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

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

### **Medicaid Programs**

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

#### **Medical Benefits**

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

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

Under the MAGI conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island, this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. For Rhode Island, the income threshold for parents was raised to the mandatory level of 138 percent which is not impacted by the MAGI conversion.

RItE Share recipients are eligible for RItE Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles.

**RItE Share Cost Sharing Requirement.** RItE Share recipients with annual incomes above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments based on a family’s annual income, approximately three percent.

<b>RItE Share Co-Pays</b>	
<b>Poverty Level</b>	<b>Current Payments</b>
150% up to 185%	\$61
185% up to 200%	\$77
200% up to 250%	\$92

The 2013 Assembly eliminated the monthly cost sharing requirement for families whose children receive coverage through RItE Care so that a family receiving coverage through the Exchange will not have two monthly premiums: one for the child(ren) in RItE Care and the monthly cost for commercial health coverage.

**Extended Family Planning.** The state provides extended family planning services to post-partum women with an income at or below 250 percent of poverty, for up to 24 months, if the mother loses RItE Care coverage 60 days after having a child.

**Foster Care.** The state provides RItE Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

**Adoptive Assistance.** The state provides RItE Care benefits to a child in adoptive assistance. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

**Children with Special Health Care Needs - Katie Beckett Option.** The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child’s income and not the family’s income. States can also choose to provide this service as a waiver, which would include a limited number of placements, or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants.

**Early Intervention.** The state provides services to children from birth to age three who have presented with a disability through the early intervention program. The services include physical, speech and occupational therapies.

**Rhody Health Partners.** For adults who are disabled but not receiving Medicare, the state provides medical benefits through Rhody Health Partners. This is a managed care system with plans through either Neighborhood Health Plan of Rhode Island, UnitedHealthcare or Tufts.

**Rhody Health Options.** For adults who are eligible for both Medicare and Medicaid, the state entered into a contract with Neighborhood Health Plan of Rhode Island to manage the acute care and long term care services for these individuals.

**Fee-for-Service System.** Individuals who are eligible for both Medicare and Medicaid, known as dual eligibles, receive medical benefits through the traditional fee-for-service system.

## Long Term Care Residential and Community Care Services

**Nursing Homes.** The state reimburses 84 nursing homes that provide long term residential care to elderly and disabled individuals who require a nursing home level of care.

**Hospice Services.** Hospice services are provided to the terminally ill if there is a medical prognosis that life expectancy is six months or less. Services are provided in either the home setting or a nursing home or other institutional setting.

**Assisted Living Facilities.** The state provides eligible residents access to assisted living facilities, a less expensive alternative to residing in a nursing home. Individuals can access this option, available through the Medicaid Global Waiver.

**Home and Community Care Services.** Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their home instead of moving into a nursing home.

**Eleanor Slater Hospital.** The Eleanor Slater Hospital is the state's only public hospital and provides long-term care services with the support of acute medical services. It is a 495-bed facility licensed by the Department of Health, accredited by the Joint Commission on the Accreditation of Healthcare Organizations, and certified by the Centers for Medicare and Medicaid Services. It is a two-campus hospital consisting of the Pastore campus in Cranston and the Zambarano unit in Burrillville. The state provides long term services to individuals with disabilities, court ordered psychiatric patients, and those with behavioral health issues.

### Residential Services and Other Programs

**Adults with Developmental Disabilities.** States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are Supplemental Security Income recipients. The state continues to maintain two Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) through the Eleanor Slater Hospital System, with the Tavares Pediatric facility as the state's third intermediate care facility.

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

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

Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a developmentally disabled adult or is a person with a severe, chronic disability.

*Functional* eligibility requires an individual to have a substantial functional limitation in three or more of the following life activities: self-care, receptive and expressive language learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency.

*Financial* eligibility requires a person to be income eligible for services. In most cases, the only source of income for individuals with developmental disabilities is a \$694.35 monthly Supplemental Security Income check, which places them below the 135 percent of the federal poverty level required for the program.

Medicaid funded services, provided through the waiver, for this eligible population include residential care, day programming and supportive services. The Assembly passed Section 7 of 2018-H 7200, Substitute A, as amended, to update the Medicaid waiver to reflect what is in its current practice for services to developmentally disabled adults. The state is in the process of finalizing this portion of the wavier but anticipates federal approval. The table below shows the tiers and description of options and supports.

<b>DD/ID Needs-Based Service Tier Classifications and Options</b>		
<b>Tier</b>	<b>Service Options</b>	<b>Available Supports</b>
<b>Tier D and E (Highest):</b> <i>Extraordinary Needs</i>	<ul style="list-style-type: none"> <li>•Living with family/caregiver</li> <li>•Independent Living</li> <li>•Shared Living</li> <li>•Community Support Residence</li> <li>•Group Home/Specialized Group Home</li> </ul>	<ul style="list-style-type: none"> <li>•Community Residential Support or access to overnight support services</li> <li>•Integrated Employment Supports</li> <li>•Integrated Community and/or Day supports</li> <li>•Transportation</li> </ul>
<b>Tier C (Highest):</b> <i>Significant Needs</i>	<ul style="list-style-type: none"> <li>•Living with family/caregiver</li> <li>•Independent Living</li> <li>•Shared Living</li> <li>•Community Support Residence</li> <li>•Group Home</li> </ul>	<ul style="list-style-type: none"> <li>•Community Residential Support or access to overnight support services</li> <li>•Integrated Employment Supports</li> <li>•Integrated Community and/or Day supports</li> <li>•Transportation</li> </ul>
<b>Tier B (High):</b> <i>Moderate Needs</i> <b>Tier A (High):</b> <i>Mild Needs</i>	<ul style="list-style-type: none"> <li>•Living with Family/Caregiver</li> <li>•Independent Living</li> <li>•Community Support Residence</li> <li>•**Shared Living</li> <li>•*Group Home</li> </ul>	<ul style="list-style-type: none"> <li>•Access to overnight support services</li> <li>•Integrated Employment supports</li> <li>•Integrated Community and/or Day supports</li> <li>•Transportation</li> </ul>

*\*Tier A or B individuals will have access to residential services in a group home if they meet at least one defined exception*

*\*\*Tier A will have access to shared living services if meet at least one defined exception*

**Mental Health Treatment Services.** The state provides mental health treatment services through the Medicaid waiver. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

**Substance Abuse Treatment Services.** As an option under Medicaid, states can also choose to provide substance abuse treatment services to Medicaid eligible individuals. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

**Foster Care.** The state provides foster care services to children in its custody.

**Group Homes.** The state provides placement in group home settings to children in its custody.

**Bradley Hospital Group Homes Psychiatric Hospitalization.** The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment. The state pays for psychiatric hospitalization services for Medicaid eligible children and children who are uninsured at Emma Pendleton Bradley Hospital in East Providence.

**Bradley Hospital Group Homes.** There are five group homes that are run by Bradley Hospital for children ages 4 to 21, located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

**HIV Treatment Services.** The state provides treatment and supportive services to HIV positive individuals who are uninsured and with income up to 400 percent of poverty. As of January 1, 2014, individuals are either eligible for the Medicaid expansion program or benefits through the Exchange. Benefits will still be provided using the Ryan White federal grant and any rebate funding the state receives from drug purchases through that grant.

### **Executive Office of Health and Human Services**

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2020*. The following table shows the services provided by population and the department that is responsible for the expenses.

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

### **Department of Justice Consent Decree**

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

The populations addressed in the consent decree are individuals with intellectual and developmental disabilities that include: the Rhode Island Youth Transition Target Population that are transition-age youth attending Rhode Island secondary schools; the Rhode Island Exit Target Population that are transition age youth during the 2013-2014, 2014-2015, or 2015-2016 school years; the Rhode Island Sheltered Workshop Target Population that perform sheltered workshop tasks or have received day activity services in the previous year; and the Rhode Island Day Target Population that receive day activity services in facility-based day program settings or have received such services in the previous year.

The consent decree has two fiscal components: a monitor and a Trust Fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services has been assigned as the monitor. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000 annually. The monitor is responsible for approving the training component of the consent decree related to career

development and transition plans and will also approve outreach and education programs. The monitor will also conduct factual investigations and verification of data and documentation that is necessary to determine if the state is in compliance with the consent decree. The monitor has reporting requirements that started on April 1, 2014 through April 1, 2015 and every 6 months (180 days) after that.

The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing funds from an \$800,000 Workshop Conversion Trust Fund, which will be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The fund will support start-up costs for providers who convert services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services.

The state also had to create an employment first task force no later than May 1, 2014 that includes but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, the Rhode Island Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities and parent and family representatives.

The state will ensure available funding for services and will reallocate resources expended on the sheltered workshop plans and segregated day programs to fund supported employment and/or integrated day services as individuals transition to supported employment and/or integrated day only placements, in order to have funding “follow the person.”

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

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

The 2017 Assembly also expanded the reporting requirements to capture data on services provided and any sale of state owned property if revenue is used to offset advanced payments made to community based providers. The state made advanced payments to 25 privately operated agencies that provide services to adults with developmental disabilities who resided at the state-run Ladd School, through a community based system of residential care and/or day programs. Advanced payments were made for both residential service and community based day programs that supported one month of services in the new system and as of July 1, 2017 totaled \$13.3 million. Another step taken by the state to foster a community based system was to have the residential and day programs operate from buildings owned by the state.

The Department of Administration’s Office of Accounts and Control required each of the 25 agencies to sign an individual memorandum of understanding that includes the payment amount that was advanced to that agency and the terms under which the agency can retain the payment. An agency was required to return the payment if: the agency closes, is no longer licensed by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, is no longer a certified agency by the Division of Developmental Disabilities, or if an individual site within the scope of the original agreement ceases operations. For state accounting purposes, the payments are treated as a receivable so any payments that have been made were booked as a revenue that paid down the advanced payment.

The Governor requested and the Assembly concurred with legislation to allow revenues from the sale of state-owned residential property supporting group home services for adults with developmental disabilities, be used to pay down the \$13.3 million in advanced payments made by the state to private agencies.

The report also requires that provider annual cost reports be submitted by the Department to the House and Senate fiscal advisors and the State Budget Officer by November 1 of each year. Some information was provided during FY 2019 but did not meet expectations and has not been filed again.

# Mergers and Consolidations

## Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2019 budget adopted by the 2018 General Assembly contains 38 state agencies and departments. The Governor's FY 2020 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2018 Assembly. These are noted below along with a history of prior proposals and enacted changes.

## FY 2020

**Employer Tax Division.** The Governor recommends transferring the responsibilities of the collection of taxes for temporary disability insurance, employment security, or the job development fund from the Department of Revenue to the Department of Labor and Training. This includes the 37.0 full-time equivalent positions associated with these employer tax collection duties from the Department of Revenue to the Department of Labor and Training.

**Office of Veterans' Affairs.** The Governor proposes to transfer the Office of Veterans' Affairs and its staff from the Department of Human Services to the Executive Office of Health and Human Services. This includes 257.1 positions.

**Division of Elderly Affairs.** The Governor proposes to transfer the Division of Elderly Affairs and its staffing level of 31.0 positions to the Executive Office of Health and Human Services creating an Office of Elder Affairs.

**Water Resources Board.** The Governor proposes to transfer the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated utilities. The legislation designates the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process.

**Child Care Facilities Licensing.** The Governor's budget transfers the Child Care Facilities Licensing unit to the Department of Human Services. It adds 8.0 new full-time equivalent positions for the Department of Human Services and 1.0 new legal position for the Executive Office of Health and Human Services. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department. The Department of Human Services would now be responsible for licensing; the shift would centralize transactions with child care providers.

**Office of Grants Management.** The Governor proposes to transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control. The 2012 Assembly adopted Governor Chafee's recommendation to establish the Office of Management and Budget within the Department of Administration to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management.

**Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.** The Governor's FY 2020 through FY 2024 capital plan shifts funding and project oversight for capital projects related to the Eleanor Slater hospital system at both the Cranston and Burrillville campuses and Barry and Simpson

administrative halls to the Department of Administration's Division of Capital Asset Management and Maintenance.

**Small Business Ombudsman.** The Governor proposes to transfer the staffing authorization for the Small Business Ombudsman from the Office of Regulatory Reform within the Department of Administration to the Department of Business Regulation in accordance with a proposed streamline and simplify initiative. It should be noted that the enacted budget assumes a cost allocation for the position paid from the Commerce Corporation's resources; the recommendation does not alter that assumption. The Governor proposed a substantially similar initiative in FY 2018; the Assembly did not concur.

### **History**

#### ***FY 1991***

**Motor Vehicle Dealer License Commission.** Governor DiPrete proposed abolition of this agency. It was merged into the Department of Transportation in the FY 1992 budget.

**Rhode Island Film Commission.** Governor DiPrete proposed abolition of this agency. It was merged into the Department of Economic Development in FY 1992.

**Consumers Council.** Governor DiPrete recommended abolition of this agency. The Assembly did not concur. The agency was later abolished in FY 1994.

**Permanent Commission on Naval Affairs.** This agency was unfunded beginning in FY 1991 and is no longer budgeted.

**Rhode Island Health Industry Development Council.** This agency was abolished.

#### ***FY 1992***

**Motor Vehicle Dealer License Commission.** This agency was merged into the Department of Transportation.

**Rhode Island Film Commission.** This agency was merged into the Department of Economic Development.

**Office of Management and Administrative Services.** This office was created by Governor Sundlun through an Executive Order.

**Office of Substance Abuse.** This office was created by Executive Order 91-23 through consolidation of various programs in a number of agencies and the Division of Substance Abuse in the Department of Mental Health, Retardation and Hospitals.

#### ***FY 1993***

**Commission on Interstate Cooperation.** This agency was merged into the Legislature.

**Commission on Uniform State Laws.** This agency was merged into the Legislature.

**Department of Substance Abuse.** The Office of Substance Abuse became a Department.

#### ***FY 1994***

**Consumers Council.** The Council was abolished as recommended.

**General.** This collection of miscellaneous appropriations was combined into Department of Administration programs. It included the contingency account, the circuit breaker program, Tax Anticipation Notes interest, and certain other grants such as the Rhode Island Sports Foundation.

**Special.** This collection of expenditures was combined into the Department of Administration as well. It included tort claims and special claims.

**Children's Code Commission.** This agency was abolished.

**Department of Public Safety.** Governor Sundlun proposed merging seven agencies and departments providing training and education of public safety officials into a Department of Public Safety, to be headed by the Superintendent of the State Police. The agencies varied in size from 3.0 full-time equivalent positions to 252.0 full-time equivalent positions. They were State Police, E-911, Emergency Management, Fire Safety Code Commission, Fire Safety and Training Academy, Governor's Justice Commission, and the Municipal Police Training Academy. The Assembly did not enact the legislation.

**Water Resources Board.** Governor Sundlun recommended merging the Board with the Department of Environmental Management. The merger was blocked in the Energy and Environment Committee and was not voted upon.

**Vehicle Value Commission.** The Commission was merged into the Division of Taxation in the Department of Administration. Administrative support was provided by the Office of Municipal Affairs.

**Registry.** The Registry of Motor Vehicles was transferred from the Department of Transportation to the Division of Taxation. Legislation was adopted by the 1994 Assembly.

**Airport Corporation.** The functions of the Division of Airports in the Department of Transportation were transferred to a newly formed Airport Corporation under the Rhode Island Port Authority.

#### *FY 1995*

**Heritage Commission.** The Heritage Commission was merged into a new Historical Preservation and Heritage Commission under the administrative management structure of the Historical Preservation Commission.

#### *FY 1996*

**Economic Development.** The Department of Economic Development was replaced by the quasi-public Economic Development Corporation, which in turn consolidated a number of entities and functions. State funding was by grant through the Department of Administration.

**Office of Housing, Energy, and Intergovernmental Relations.** Governor Almond originally recommended the breakup of this agency; CDBG (Community Development Block Grant) function would be merged into the Economic Development Corporation, means-tested energy programs merged into the Department of Human Services, energy conservation programs integrated into the Department of Administration, housing functions were taken over by the Department of Human Services, and Intergovernmental Relations merged functions into the Governor's Office.

The Governor modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation. The emergency shelter grants portion of housing transferred to the Department of Human Services.

The CDBG functions merged into the Office of Municipal Affairs in the Department of Administration. The intergovernmental relations functions merged into the Governor's Office.

**Personnel Appeal Board.** The Board was merged into the Department of Administration as a separate unit.

**Rite Care.** The program was consolidated in the Department of Human Services. It had been divided between the Department of Health and the Department of Human Services. The purpose was to eliminate duplicated functions and overhead and focus on greater program accountability.

**Substance Abuse.** The Department of Substance Abuse was abolished, with its functions transferred to the Department of Health. The Benjamin Rush in-patient detoxification component of the Department was privatized.

**State Library Services.** Governor Almond recommended merging the Department of State Library Services into the Department of Elementary and Secondary Education. The House discussed moving the agency under the Joint Committee on Legislative Services. Legislation was not enacted to change the Department's status.

### *FY 1997*

**Arts and Tourism Council.** Governor Almond recommended merging the Council into the Rhode Island Council on the Arts as a subcommittee of the Arts Council. The Assembly concurred, amending the legislation to make the chairperson of the Arts and Tourism subcommittee a voting member of the Arts Council.

**Board of Examination and Registration of Architects.** Governor Almond recommended the Board be merged into the Department of Business Regulation. The Assembly did not concur.

**Board of Registration of Engineers.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Board of Registration of Land Surveyors.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Capitol Police.** Governor Almond recommended that the Capitol Police be transferred from the Department of Administration to the Judicial Department. The Governor argued that the majority of Capitol Police positions were assigned to the Courts. The Assembly did not concur. The Capitol Police also provided security for the State House and a number of other state-owned buildings not under jurisdiction of the Judiciary, including the Powers Building, the Aime Forand Building, the State Office Building, the Health Department, and the Pawtucket Registry.

**Commission on Care and Safety of the Elderly.** Governor Almond recommended merging the Commission and the Department of Elderly Affairs into the Department of Human Services. The Assembly did not concur with the merger of Elderly Affairs, but did agree to legislation merging the Commission, with funding, into the Department of Elderly Affairs. The Commission retained its line item appropriation.

**Liquor Program.** Governor Almond proposed that the Liquor Control functions in the Department of Business Regulation be divided with the tax collection functions transferred to the Division of Taxation in the Department of Administration. Industry regulation functions would remain in the Department of Business Regulation. The Assembly concurred.

**Department of Library Services.** Governor Almond recommended the merger of the Department of State Library Services into the Department of Elementary and Secondary Education to the 1995 Assembly. The House discussed moving the agency under the Joint Committee on Legislative Services; legislation was not enacted to change the Department's status.

The Governor recommended to the 1996 Assembly that the Department be established as a Library Information Services division within the Department of Administration. The division would continue to support the development of the state libraries' access to information resources as well as adding the task of the Department of Administration information processing to its responsibilities. The Assembly concurred.

**Departments of Labor and Employment and Training.** Governor Almond recommended the elimination of the Department of Labor and the consolidation of its functions, along with the Department of Employment and Training, into a new Department of Labor and Training. The Assembly did not concur when the Appropriations Act, 1996-H 8783, Substitute A, was approved. However, the Assembly did agree with the consolidation later in the session, under a separate bill, 1996-H 8219.

**Department of Employment and Training Collections Functions.** Governor Almond recommended that the taxation functions administered by the Department of Employment and Training be consolidated into the Division of Taxation in the Department of Administration. This would enhance collection activities in both units. The Assembly concurred.

**Department of Human Services Child Support Enforcement.** Governor Almond also recommended that the Child Support Enforcement Unit in the Department of Human Services be consolidated into the Division of Taxation. The Assembly concurred.

**Emergency Shelter Grants.** Governor Almond recommended the transfer of the Emergency Shelter Grant program from the Department of Human Services to the Office of Municipal Affairs in the Department of Administration as consistent with the consolidation of energy related assistance programs in the Department of Administration. This involved the transfer of grant funds only; there was no assigned staff. The Assembly concurred.

**E-911 Emergency Telephone System.** Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. E-911 was one of the agencies recommended. The Assembly did not concur.

**Department of Elderly Affairs.** Governor Almond proposed that the Department be merged into the Department of Human Services. The Assembly did not concur.

**Fire Safety and Training Academy.** Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of the agencies recommended. The Assembly did not concur.

**Fire Safety Code Board of Appeal and Review.** Governor Almond proposed the merger of the Fire Safety Code Board into the Department of Administration. It would operate in conjunction with the Building Code Commission. The Assembly did not concur.

**Governor's Justice Commission.** Governor Almond proposed to merge the Commission into the Department of Administration. The Assembly did not concur. Governor Sundlun had proposed merging it into a new Department of Public Safety in 1993. The Assembly did not concur.

**Board of Hearing Aid Dealers and Fitters.** Governor Almond recommended transfer of the Board from the Department of Business Regulation to the Department of Health due to the public health functions of the Board. The Assembly concurred.

**Higher Education Assistance Authority.** Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

**Historical Preservation and Heritage Commission.** Governor Almond recommended that the Commission be merged under the Division of Planning in the Department of Administration. The Commission was formed in the 1994 session through consolidation of the Heritage Commission under the administrative management structure of the Historical Preservation Commission. The Assembly did not concur with the proposed merger, preferring to leave the Commission as a freestanding agency.

**Board of Examiners of Landscape Architects.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Mental Health Advocate.** Governor Almond proposed that the Office of the Mental Health Advocate be abolished. The Assembly did not concur.

**Municipal Police Training Academy.** Governor Almond proposed to merge the Academy into the State Police. The Assembly did not concur. This proposal was similar to Governor Sundlun's to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of these agencies. The 1993 Assembly did not concur.

**Office of Management and Administrative Services.** Governor Almond proposed that the Office be abolished with its functions and personnel merged into four departments: Administration, Governor's Office, Military, and State Police. The Assembly concurred. This office had been created by Governor Sundlun through an Executive Order in FY 1992.

**Plumbers Licensing Function.** Governor Almond proposed the transfer of licensing of plumbers from the Division of Professional Regulation in the Department of Health to the new Department of Labor and Training. The Assembly did not concur.

**Rhode Island Emergency Management Agency.** Governor Almond proposed the merger of the Agency into the Military Staff agency. The Assembly concurred. Governor Sundlun had proposed merging the agency into a Department of Public Safety in the 1993 session, which was not adopted.

**Rhode Island Student Loan Authority.** Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

**Sheriffs.** Governor Almond proposed placing the Sheriffs of the various counties under the Judiciary and eliminating the writ processing function. The Assembly did not concur with either proposal.

**State Energy Office.** Governor Almond proposed transferring the agency to the Department of Administration, Division of Central Services. The Governor had recommended in his presentation of the

FY 1996 budget to the 1995 Assembly that the Office of Housing, Energy and Intergovernmental Relations be broken up with the energy conservation program integrated into the Department of Administration's Central Services and means-tested energy programs placed in the Department of Human Services. He modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation with the emergency shelter grants portion of housing being transferred to the Department of Human Services.

In October 1995, Governor Almond issued Executive Order 95-24 dissolving the Office of Energy and Intergovernmental Relations and establishing a new State Energy Office. It is this Office he recommended to the 1996 Assembly be merged into the Department of Administration. The Assembly concurred.

**Public Building Authority.** The Assembly merged the Authority into the Department of Administration with its powers and duties intact for the purpose of lowering overhead costs charged to state agencies with Authority projects in the form of lease payments.

#### *FY 1998*

**Boards for Design Professionals.** Governor Almond recommended that the Board of Examination of Landscape Architects, the Board of Examination and Registration of Architects, the Board for Registration of Engineers, and the Board of Registration of Land Surveyors be consolidated into a single entity, the Boards for Design Professionals. The consolidation would allow for the sharing of administrative resources while maintaining the independence of the individual boards for licensing and registration issues. The Assembly concurred.

**Public Buildings Authority.** The Assembly eliminated the Public Buildings Authority. The Refunding Bond Authority was made its successor agency for the purpose of making payments on outstanding debt of the Authority.

#### *FY 2000*

**Workers' Compensation Fraud Unit.** In Article 8 of his FY 2000 Appropriations Bill, Governor Almond proposed to transfer the Workers' Compensation Fraud unit from the Department of Administration to the Department of Labor and Training. Both the Workers' Compensation Fraud unit and the Workers' Compensation Compliance unit (then housed in Labor and Training) perform investigative activities. The merger would create a single investigative unit and provide the Fraud unit investigators with access to workers' compensation computer files. The Assembly concurred.

**Board of Accountancy.** Governor Almond proposed creating a separate Board of Accountancy with 2.0 positions. The Board was operating autonomously within the Department of Business Regulation with 1.0 position and administrative assistance from the Department. The Assembly did not concur.

**Educational Surrogate Parent Program.** Governor Almond proposed transferring the Educational Surrogate Parent Program from the Office of the Child Advocate to a private vendor. Federal funding for this program would continue to be provided to the Department of Elementary and Secondary Education who would select and contract with a private vendor instead of the Office of the Child Advocate for these services. The proposal also included the elimination of 7.4 full-time equivalent positions associated with the program. The Assembly did not concur.

#### *FY 2002*

**Division of Sheriffs.** The 2001 Assembly consolidated the Sheriffs and the Marshals (which were part of the Department of Corrections) into a new Division of Sheriffs in the Department of Administration and transferred 213.0 full-time equivalent positions to the Department of Administration. This was done in

Article 29 of 2001-H 6100, Substitute A, as amended, which also established the new position of Administrator of the new Division. This position would be responsible for oversight of both the Sheriffs and Marshals, and would be in the classified service. The legislation also established an Executive High Sheriff.

By statute, the primary responsibility of the Sheriffs had been to provide security in the state courthouses, which includes providing security in the cellblocks at most of the courthouses. The primary responsibility of the Marshals was to provide secure transportation of inmates from the Adult Correctional Institutions to the various courthouses. However, the Marshals did provide cellblock security at Kent County Courthouse and Providence Superior Court.

### *FY 2003*

**Department of Elderly Affairs.** The 2002 Assembly relocated the Department of Elderly Affairs to the John O. Pastore Campus from the previous Pine Street location in Providence. The Department was housed in the Rush Building with the Department of Human Services. The rent was to be renewed in July 2002 prompting the relocation to state-owned property, producing an annualized savings of \$180,000 a year in general revenues.

**Eleanor Slater Hospital.** In FY 2003, the Department of Mental Health, Retardation and Hospitals closed two wards at the Eleanor Slater Hospital by accelerating patient discharge, selective admissions, and eliminating 20 hospital vacancies. The hospital census was reduced to 400 as of October 6, 2002.

**Governor's Commission on Disabilities.** Rhode Island Public Law 2002-132 transferred two employees from the State Building Commission to the Commission on Disabilities. The employees were responsible for the investigation and hearing of complaints alleging disability discrimination and fiscal management of all the handicapped accessibility renovation projects in the state. The transfer took effect on August 1, 2002.

### *FY 2004*

**Public Utilities Commissioners.** The 2002 General Assembly raised the number of commissioners from three to five by amending Section 39-1-4 of the Rhode Island General Laws, effective January 31, 2004. Governor Carcieri did not include the positions in his FY 2004 budget and recommended passage of Article 12 to eliminate the two new commissioners. The Assembly did not adopt legislation to reverse the expansion of the number of commissioners.

**Rhode Island Commission on Women.** Governor Carcieri proposed the relocation of the Rhode Island Commission on Women from 260 West Exchange Street to the Department of Administration for July 1, 2003. The Assembly concurred.

**Eleanor Slater Hospital.** Governor Carcieri recommended closure of a psychiatric ward and a medical ward at the Eleanor Slater Hospital on the Pastore Complex in Cranston. One unit is in the Adolph Meyer Building and the other in the Long Term Care Unit. The projected hospital census following the FY 2004 plan implementation was projected to be between 360 and 370. His budget assumed \$10.3 million in savings, of which \$4.6 million was general revenues. The Assembly concurred.

**Children's Services.** The FY 2004 budget reflected the transfer of \$1.8 million from all sources, including \$1.0 million from general revenues from the Department of Mental Health, Retardation and Hospitals to the Department of Human Services for therapeutic home-based services to 335 children with developmental disabilities. The Assembly concurred.

**Health Services Council.** Governor Carcieri recommended eliminating the Certificate of Need process and the Health Services Council, which provided an advisory role for the process. The Governor proposed giving full responsibility for effective control review processes and initial licensure for health care facilities to the Department of Health. The Assembly did not concur.

**Educational Surrogate Parent Program.** Governor Carcieri proposed transferring the Educational Surrogate Parent Program with its 6.7 full-time equivalent positions from the Office of the Child Advocate to the Sherlock Center at Rhode Island College. Federal funding for this program was awarded to the Department of Elementary and Secondary Education, which had utilized the Child Advocate to provide these services. The Assembly concurred.

**Heritage Subcommittee.** Governor Carcieri's recommendation eliminated the 2.0 positions and funding that supported the Heritage Subcommittee. Under current law, the Subcommittee is responsible for sponsoring, coordinating and funding heritage festivals, events, and programs. The Governor included statutory changes in Article 33 of 2003-H 6174 to eliminate the coordination and funding functions, but maintained its sponsorship role. The 1994 Assembly created the Heritage Subcommittee to incorporate the Heritage Commission's duties as part of a merger with the Historical Preservation Commission. The Assembly did not concur.

**Drivers Education.** The 2003 Assembly enacted legislation that transferred responsibility for driver education from the Department of Elementary and Secondary Education to the Community College of Rhode Island to be operated as a self-supporting activity. The FY 2004 enacted budget did not reflect this change. Governor Carcieri included the transfer of the program in his FY 2004 revised and FY 2005 budgets.

**Rhode Island Film and TV Office.** The Assembly transferred the Rhode Island Film and TV Office from the Economic Development Corporation to the Rhode Island State Council on the Arts. This transfer also included the 1.0 full-time equivalent position for the office coordinator.

**Coastal Resources Management Council.** Governor Carcieri proposed relocating the Coastal Resources Management Council's Providence office from 40 Fountain Street to the Department of Administration. The space houses the Council's business office and is also used to hold meetings. The Assembly did not concur.

#### *FY 2005*

**Information Technology.** Governor Carcieri recommended shifting 10.0 full-time equivalent positions from the divisions of Taxation and Library Services within the Department of Administration to a newly created Division of Information and Technology in his FY 2005 revised budget. The Governor issued Executive Order 04-06 to create the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer responsible for oversight, coordination and development of all information and technology resources within the Executive Branch. The Assembly concurred.

**Legal Services.** Governor Carcieri recommended shifting 14.7 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services in his FY 2005 revised budget. The Governor issued Executive Order 04-09 to create the new division, which would centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources within state government. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Child Support Enforcement Program.** Governor Carcieri's FY 2005 budget recommended transfer of the child support enforcement program to the Department of Human Services from the Division of Taxation in the Department of Administration. The transfer included \$10.5 million in expenditures and 100.8 full-time equivalent positions. The Assembly concurred. The program was originally transferred from the Department of Human Services to the Division in 1997.

**Early Intervention Program.** The 2004 Assembly transferred the early intervention program from the Department of Health to the Department of Human Services and included \$11.2 million in expenditures, \$5.7 million from general revenues, and 6.7 full-time equivalent positions.

**RICLAS Transfer to Private Providers.** Governor Carcieri recommended transferring operations of two state-run group homes for the developmentally disabled to the privately operated system in order to reduce overtime in the state-run system and shift operations to private providers. The Assembly did not concur.

**Vision Services.** Governor Carcieri proposed transferring the vision services program from the Department of Elementary and Secondary Education to the Sherlock Center at Rhode Island College; however, he retained funding in the Department's budget to contract the services. He did transfer 6.6 positions to Rhode Island College and added \$0.1 million and 1.0 position to enhance the program by adding a coordinator. The Assembly concurred.

#### *FY 2006*

**Information Technology.** Governor Carcieri recommended continuation of the centralization of information and technology operations by shifting 31.0 full-time equivalent positions from other departments to the Department of Administration's Information Processing internal service fund. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred.

**Capital Projects and Property Management.** Governor Carcieri recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning, construction management budgeting and code enforcement for all capital projects. This included the transfer of 30.5 full-time equivalent positions into the new division, 27.5 of which were from the Division of Central Services within the Department of Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

**Facilities Management Program.** Governor Carcieri recommended creation of the Facilities Management Program within the Department of Administration to provide consistent delivery of facilities management services for state departments and agencies. This included the transfer of 58.0 existing full-time equivalent positions from the former Division of Central Services to the new division. The Assembly concurred.

**Capitol Police and Sheriffs.** Governor Carcieri's budget reorganized the Department of Administration's program structure and established a new Security Services program, including the Capitol Police and the Sheriffs, which had been part of the Central Services Division. The new program would maintain two separate subprograms, the Capitol Police and the Sheriffs. It includes 46.0 Capitol Police and 196.0 Sheriffs positions. The Assembly concurred.

**Statewide Planning.** Governor Carcieri's budget reorganized the Department of Administration's program structure and created a new Statewide Planning program, including Strategic Planning responsibilities from the Budget Office and Statewide Planning functions from the Office of Municipal Affairs. The Assembly concurred.

**Municipal Aid and Property Tax Administration.** Governor Carcieri recommended the transfer of the Municipal Aid and Property Tax Administration function and its 8.0 full-time equivalent positions from the Office of Municipal Affairs to the State Budget Office. The Assembly concurred.

**Legal Services.** Governor Carcieri recommended continuation of the centralization of legal services by transferring 24.1 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services. The Governor had issued Executive Order 04-09 to create the new division to centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not concur.

**Group Residence Closure.** Governor Carcieri's budget included savings from closing one underutilized state run residence for clients with developmental disabilities. Staff and clients would be reassigned to remaining facilities thereby reducing expenditures. The Assembly concurred.

**Adult Literacy.** On November 23, 2004, the Department of Elementary and Secondary Education signed a Memorandum of Agreement with the Department of Labor and Training to consolidate the management of all state adult basic education activities at the Department of Elementary and Secondary Education. Governor Carcieri recommended consolidating the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new adult education executive director in his FY 2006 budget. He added 3.0 positions, including the new executive director. The Assembly concurred and provided \$0.3 million from general revenues and \$4.1 million from Human Resource Investment Council grants.

**Shepard Building.** Governor Carcieri recommended transferring operating support for the Shepard building, previously shown in the Department of Administration's budget, to the Office of Higher Education and the Department of Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

**Fugitive Task Force.** The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$0.6 million from general revenues from the Judiciary to the State Police. The Fugitive Task Force is a statewide warrant squad, established under Rhode Island General Law, Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

**Rivers Council.** The 2004 Assembly passed legislation transferring the State's Rivers Council community service grant from the Department of Administration's budget to the Water Resources Board. The actual grant change was reflected in the FY 2006 enacted budget.

#### *FY 2007*

**Information Technology.** Governor Carcieri recommended increased use of the information processing internal service fund account for FY 2007. His budget transferred \$15.1 million and 100.3 positions from several departments and agencies to further centralize information technology services. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the

expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

**Human Resource Service Centers Internal Service Fund.** Governor Carcieri recommended creating a new Human Resource Service Centers internal service fund within the Department of Administration's budget in FY 2007. This would be supported by \$9.3 million and 111.0 full-time equivalent positions transferred from various state departments and agencies. Four service centers would be created to serve the human resources needs of agencies in each grouping including human services, public safety, general government and transportation, natural resources and education. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred with the transfer of positions, but included direct appropriations to the Department of Administration.

**Facilities Management Internal Service Fund.** Governor Carcieri recommended creating a new Facilities Management internal service fund within the Department of Administration's budget in FY 2007. This would fund coordinated facilities management for user state departments and agencies, including but not limited to operations, maintenance and repairs of buildings, grounds, central HVAC, power plants and other facilities and be supported by \$35.4 million and 124.0 full-time equivalent positions transferred from those agencies. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

**Closure of Registry Branch Offices.** Governor Carcieri recommended closure of all satellite offices of the Registry of Motor Vehicles, including West Warwick, Wakefield, Woonsocket, Warwick, Westerly, Middletown, and Warren. Of the 31.0 positions assigned to the branch offices, 13.5 would be transferred to the main registry office in Pawtucket and 17.5 would be eliminated. The Assembly did not concur and restored funding and the 17.5 positions to maintain all registry branch offices for FY 2007. The Assembly also transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

**Registry and School Bus Inspection Unit Closure.** Governor Carcieri recommended closure of the School Bus Inspection Unit and elimination of 8.0 full-time equivalent positions. This change would have required outside inspection companies to do the bus inspections for a fee paid by the local city or town school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007, and transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

**Lottery Division.** Governor Carcieri's FY 2006 revised and FY 2007 budgets included the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005 Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery would still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

**Department of Revenue.** The Assembly transferred \$253.6 million from all sources of funds, including \$35.5 million from general revenues, \$1.6 million from federal funds, \$0.8 million from restricted receipts, and \$215.7 million from other funds from the Department of Administration for the establishment of a new Department of Revenue. The new department would include the current divisions of taxation, motor vehicles, state lottery, a new division of property valuation, a new office of revenue analysis, and a new Director of Revenue office. The funding assumes the creation of 6.5 new positions in addition to the 465.6 positions transferred from the Department of Administration, for a total of 472.1 positions, which resulted in a need for an additional \$745,109 from general revenues for FY 2007.

**Business Regulation Program Structure.** Governor Carcieri's FY 2007 budget included a program change to merge the Division of Banking and Securities and the divisions of Commercial Licensing and Racing and Athletics. This reorganization reduced the number of structural programs from seven to five, but did not eliminate any activity. The five divisions would be: Central Management, Insurance Regulation, Board of Accountancy, Banking and Securities, and Commercial Licensing and Racing and Athletics. The Assembly concurred with the program changes.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not concur.

**Health and Human Services Secretariat.** Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Executive Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services; Elderly Affairs, Mental Health, Retardation and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of Secretary of Health and Human Services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the Secretary authority to appoint the employees for the Secretariat. The budget did not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This included 2.0 from Department of Human Services; 1.0 from Department of Children, Youth and Families; 1.0 from Department of Health; and 1.0 from the Governor's Office.

**Institutional Care Group Homes to Private Providers.** Governor Carcieri recommended shifting responsibility for four group homes from the Zambarano unit of Eleanor Slater Hospital to a private provider. This reduced staffing by 41.0 positions. The Assembly restored 41.0 positions and shifted responsibility for one home and retained Zambarano's responsibility for the remaining three homes.

**Corrections Educational Programs.** Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$0.6 million contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

**Underground Storage Tank Fund.** Governor Carcieri proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget included \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department, including \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 would fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

#### *FY 2008*

**Energy Resources.** The 2006 Assembly adopted comprehensive energy legislation that created the Office of Energy Resources as a successor to the former State Energy Office and authorized the new office to be assigned to an existing department for administrative purposes. Governor Carcieri's budget included the Office as a distinct program in the Department of Administration's budget; it had formerly been included within the Department's facilities management program. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Boards for Design Professionals.** The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

**Governor's Contingency Fund.** The Assembly moved the Governor's Contingency Fund from the Department of Administration's budget to the Office of the Governor's budget.

**Commission for Human Rights.** The Assembly provided that the Rhode Island Commission for Human Rights appear in the general government function of the appropriations act and not in the human services function to more accurately reflect the Commission's activities.

**Office of Health and Human Services.** The Assembly consolidated many of the back room operations from the departments under the Secretary of Health and Human Services into the Office of Health and Human Services to enhance budgeting, management, and program consistency.

**Department of Advocacy.** The Assembly enacted legislation to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

**Department of Children, Youth and Families Managed Care Transfer.** Governor Carcieri recommended completing the transfer of all managed care expenses for children in the custody of the Department of Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

**Commission on Judicial Tenure and Discipline.** The Assembly merged the Commission on Judicial Tenure and Discipline into the Judiciary, shifting 1.0 position and \$119,705 from general revenues.

**Department of Public Safety.** The Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the Superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

**Environmental Administrative Adjudication Program.** Governor Carcieri proposed legislation to transfer the administrative adjudication program from the Department of Environmental Management into the Department of Administration. His budget included \$551,331 from general revenues to support three of the five positions that staff the office and proposed laying off the remaining two positions. The Office adjudicates all appeals pertaining to applications or permits for environmental matters. The Assembly did not concur and provided \$666,308 to fund the program in the Department of Environmental Management.

**Department of Veterans' Affairs.** The Assembly enacted legislation establishing the Department of Veterans' Affairs within the Office of Health and Human Services, effective July 1, 2009. Governor Carcieri vetoed the legislation.

#### *FY 2009*

**Department of Elderly Affairs and Advocacy.** The 2007 Assembly enacted legislation requiring the Governor to consolidate the advocacy agencies into a Department of Advocacy that would include the Child

Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities, no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri recommended the consolidation of the Commission on the Deaf and Hard of Hearing, the Developmental Disabilities Council, and the Governor's Commission on Disabilities with the Department of Elderly Affairs to form the new Department of Elderly Affairs and Advocacy in compliance with legislation passed by the 2007 Assembly. He did not include the Child Advocate or the Mental Health Advocate in the consolidation, indicating that these two agencies should remain separate to perform their independent oversight functions. The Assembly did not concur with the merger proposal. It maintained the Governor's Commission on Disabilities and the Commission on the Deaf and Hard of Hearing as agencies along with the Child Advocate and the Mental Health Advocate. The Assembly also transferred the Developmental Disabilities Council to the University of Rhode Island's budget, while the Council sought federal approval to become a non-profit corporation.

**Coastal Resources Management Council.** Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

**State Water Resources Board.** Governor Carcieri proposed to merge the Water Resources Board's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Board Corporate would remain intact as a quasi-public agency. The Governor assumed \$492,636 of general revenue savings by reducing the staff assigned to perform the functions of the Board from 9.0 positions to 6.0 positions. The Assembly did not concur and maintained the Board as a separate agency.

**Executive Office of Health and Human Services.** Governor Carcieri transferred 96.4 positions from the five health and human service agencies under the control of the executive office in compliance with legislation adopted by the 2007 Assembly. The transfer includes the fiscal and legal functions performed by the five agencies. The Assembly concurred; however transferred ten positions back to the agencies, consistent with a Governor's requested budget amendment.

**Department of Public Safety.** The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the Superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

**Contingency Funds.** The 2007 Assembly transferred the contingency account from the Department of Administration to the Office of the Governor and provided \$100,000 in funding. Governor Carcieri retained the FY 2008 appropriation fund in his office in FY 2008 and included a supplemental appropriation in the Department of Administration. He recommended \$1.0 million for FY 2009 in the Department of Administration. The Assembly provided \$500,000 for the contingency fund within the Office of the Governor.

**Accounts Payable Centralization.** Governor Carcieri's budget added \$0.6 million from general revenues to fund 8.0 full-time equivalent positions to consolidate executive branch invoice payments into the Office of Accounts and Control. The Budget assumes a statewide elimination of 13.0 positions that previously performed these functions in various departments. The Assembly concurred.

**Information Technology Contractor Consolidation Savings.** Governor Carcieri proposed to eliminate 62 contractors statewide for a savings of \$4.8 million and hire 39.4 full-time equivalent positions. The Budget includes \$3.5 million from all funds, including \$2.0 million from general revenues to fund the positions. The net savings to the state is \$1.3 million. The Assembly concurred.

**West Warwick Branch Closure.** Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch was staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget, would not be complete until FY 2010.

**Proprietary School Review.** Governor Carcieri transferred proprietary school review from the Office of Higher Education to the Department of Business Regulation. The Board of Governors for Higher Education has the authority to approve or deny the request for authorization to operate proprietary schools. Proprietary schools provide education and training in business, correspondence, and trade that grant awards only at the pre-associate certificate level. The Assembly did not concur.

**Burglar Alarm Regulation.** Governor Carcieri transferred the burglar alarm regulation licensing process from the Department of Business Regulation to the Department of Labor and Training. The Assembly concurred.

**Senior Community Service Employment Program.** Governor Carcieri transferred the senior community service employment program from the Department of Elderly Affairs to the Department of Labor and Training. The United States Department of Labor provides funding to develop and expand employment and training opportunities for persons age 55 and over who are at or below 125 percent of the federal poverty guidelines. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language to eliminate the scheduled addition of 2.0 members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Economic Policy Council.** Governor Carcieri recommended that the Economic Development Corporation assume responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

#### *FY 2010*

**Local Government Assistance Program.** Governor Carcieri recommended the transfer of the Local Government Assistance program from the Department of Administration to the Department of Revenue. The program provides assistance to municipal offices, mainly for city and town clerks. It also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Assembly concurred.

**Contractors' Registration and Licensing Board.** Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the

Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

**Registry Branch Closures.** Governor Carcieri recommended the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. There was no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget included legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren and provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

**State Lab Consolidation.** Governor Carcieri recommended the transfer of the Forensic Science Unit with the exception of toxicology and its 12.6 full-time equivalent positions from the Department of Health to the Department of Public Safety and added 3.0 new staff. The proposal is based on the activities being more in line with the public safety function. The Governor submitted Article 12 of 2009-H 5983 to shift the Forensic Science Unit from the Department of Health to the Department of Public Safety. The Governor did not include a proposal for the University of Rhode Island Crime Lab, which was funded through an appropriation in the Office of the Attorney General's budget.

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes the current Department of Health's 12.6 associated positions and \$1.6 million in associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language as part of his FY 2009 revised budget to eliminate the scheduled addition of 2.0 members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of Commissioners.

**Managed Care Transfer.** Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

**Paratransit Program.** The Assembly enacted legislation to transfer the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. Governor Carcieri had requested an amendment to shift only the Medicaid eligible portion of the program from Elderly Affairs to Human Services.

**Food Nutrition Service Function.** The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition program from the Department of Health and any other such programs into the Executive Office of Health and Human Services by March 1, 2010.

**Client Protective Services.** The Assembly enacted legislation to transfer client protective service functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the Executive Office of Health and Human Services by January 1, 2011.

**Community Health Centers.** The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. Governor Carcieri's FY 2010 budget continued that funding but substituted \$0.6 million from available federal matching funds. The 2009 Assembly shifted the expense from the Department of Health to the Department of Human Services.

**EOHHS/Department of Health.** Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Executive Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Executive Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Executive Office of Health and Human Services and retained the positions within the Executive Office.

**Veterans' Affairs.** The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and Governor Carcieri signed it into law on November 9, 2009, which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services.

**Water Resources Board Corporate Transfer to Clean Water Finance Agency.** The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer would become effective once the debt of the Board Corporate is paid off, which was projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

#### *FY 2011*

**Sheriffs to Department of Public Safety.** Governor Carcieri recommended the transfer of \$16.5 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. The Assembly did not concur and maintained the Sheriffs in the Department of Administration.

**Registry Branch Consolidation.** Governor Carcieri recommended the closure of the Pawtucket branch and the Rhode Island Mall branch of the Registry of Motor Vehicles. The Division of Motor Vehicles was scheduled to move to its new headquarters in the Pastore Center in August 2010. The Rhode Island Mall branch was closed in March 2010. The Division indicated that the Rhode Island Mall branch would be too close to the Pastore Center and costly to retrofit. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language as part of his FY 2010 revised budget to eliminate the scheduled addition of 2.0 members of the Public Utilities Commission. The Assembly concurred and included legislation in Article 7 of 2010-H 7397, Substitute A, as amended.

**Commission on Women.** Governor Carcieri recommended the discontinuation of paid support staff for the volunteer commission and eliminated general revenue funds. The Assembly concurred.

**Women, Infants and Children Transfer.** Governor Carcieri recommended the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds for the Women, Infants and Children program from the Department of Health to the Department of Human Services, effective October 1, 2010. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the

Department of Health to the Executive Office of Health and Human Services by March 1, 2010. The Assembly concurred with the transfer to the Department of Human Services effective October 1, 2010.

**Rhode Island State Crime Lab.** The 2009 Assembly transferred the budget for the State Crime Lab at the University of Rhode Island from the Office of the Attorney General to the Department of Health. The state crime laboratory is responsible for providing technical services, including examination and evaluation of physical evidence collected at the scene of a crime or related to a crime. The 2010 Assembly included legislation in Article 7 of 2010-H 7397, Substitute A, as amended, that requires the Director of the Department of Administration to develop and submit a report by December 1, 2010 that studies and provides specific recommendations regarding the allocation of staffing, use of facilities, and identifies any additional needs for the continued operation of the Rhode Island State Crime Lab.

**Department of Veterans' Affairs.** Governor Carcieri's budget recommended a delay in the creation of a new Department of Veterans' Affairs within the Executive Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009, which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services. The Assembly concurred.

**Higher Education Assistance Authority and Public Telecommunications.** Governor Carcieri proposed legislation that requires the Board of Governors for Higher Education to develop and submit a report by October 1, 2010 that reviews and assesses the Higher Education Assistance Authority and the Rhode Island Public Telecommunications Authority to see if the stated missions and current programs reflect the needs of the populations intended to be served. The Assembly did not concur.

**Dispatch Unit and Port Security.** Governor Carcieri recommended the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety no later than January 1, 2011. However, the Governor's budget did not include the transfer of positions or funding for these activities. The Assembly concurred.

**Transportation.** Governor Carcieri proposed legislation to require the Director of the Department of Transportation to develop and submit a report by October 1, 2010 that studies the feasibility of transferring the Rhode Island Public Transit Authority to the Department of Transportation. The Assembly did not concur.

#### *FY 2012*

**State Aid Transfer.** Governor Chafee's budget transferred some of the appropriations for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction remain in the Department of Administration. The Assembly concurred.

**Sheriffs to Department of Public Safety.** Governor Chafee recommended the transfer of \$16.7 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. Governor Carcieri proposed this as part of his FY 2011 budget; however, the Assembly did not concur and maintained the Sheriffs in the Department of Administration. The Assembly concurred.

**Office of the Health Insurance Commissioner.** Governor Chafee recommended the creation of a new program within the Department of Business Regulation for the Office of the Health Insurance Commissioner. Previously, the Office was part of the Division of Insurance Regulation. The Assembly concurred.

**Training School - Girls' Facility.** Governor Chafee recommended the consolidation of the girls' training school into the existing boys' facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumes renovating the Adolph Meyer building for this population. The Governor did not recommend the renovations and included a plan for the girls to move into one of the four residential pods in the Youth Development Center. The Department indicated that based on current population trends, three of the four residential pods are sufficient to house the male population. The Assembly concurred.

**Elderly Affairs to Human Services.** The Assembly merged the Department of Elderly Affairs with the Department of Human Services and created the Division of Elderly Affairs within the Department of Human Services.

**Department of Veterans' Affairs.** The Assembly maintained the Division of Veterans' Affairs within the Department of Human Services and created a new position, Director of Veterans' Affairs. The 2009 Assembly included legislation to create a Department of Veterans' Affairs and the 2010 Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. Governor Chafee's FY 2012 budget recommendation included the creation of the Department of Veterans' Affairs.

**HIV/AIDS.** The Assembly shifted the HIV/AIDS direct services program and all resources, including 4.0 full-time positions, from the Department of Health to the Department of Human Services.

**Women, Infants and Children Transfer.** Governor Chafee recommended repeal of the statute transferring the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services. The Assembly did not concur and retained the program and all resources within the Department of Human Services. The United States Department of Agriculture informed the state that the Department of Human Services did not meet the standard established for state agencies that could administer the program.

The Assembly adopted legislation to transfer the Women, Infants, and Children program from the Department of Health initially to the Executive Office of Health and Human Services effective March 1, 2010, but then amended that to the Department of Human Services effective October 1, 2010 to coincide with the beginning of the new federal fiscal year.

**Higher Education Administration.** The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

**Rhode Island State Crime Lab.** Governor Chafee recommended shifting the general revenue funding for the Rhode Island State Crime Lab from the Department of Health to the University of Rhode Island. The Assembly concurred.

**Dispatch Unit and Port Security.** Governor Chafee's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to

occur no later than January 1, 2011. The Assembly did not concur with the reversal, and instead delayed the transfer until January 1, 2012.

**Water Resources Board.** The Assembly enacted legislation to merge the State Water Resources Board into the Department of Administration's Division of Statewide Planning, effective July 1, 2011. The merger transfers three of the six positions from the Board to the Division, while maintaining the Water Resources Board Corporate.

**Weatherization and Low Income Home Energy Assistance Programs.** The Assembly adopted legislation to transfer the weatherization assistance and the low income home energy assistance programs from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

**Westerly Branch.** The Assembly provided \$37,800 from general revenues for the operations of a registry of motor vehicles branch in the Town of Westerly.

### *FY 2013*

**Energy Program Transfers.** Governor Chafee included the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. He also proposed the transfer of the Regional Greenhouse Gas Initiative from the Department of Environmental Management, and the Renewable Energy Program from the Economic Development Corporation to the Office of Energy Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

**Office of Management and Budget.** The Assembly adopted legislation to create a new Office of Management and Budget to assume the functions of the State Budget Office and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grant applications. The legislation also requires the Office to perform a study on transportation programs to be submitted to the Governor and the General Assembly by November 1, 2012. The Budget includes 11.0 new positions, including a director to be appointed by the Director of the Department of Administration. Governor Chafee's original proposal called for eliminating the Bureau of Audits, allowing the new Office to absorb some of those functions. The Assembly retained the Bureau of Audits as is.

**Human Resources Restructure.** Governor Chafee's FY 2013 budget recommendation includes savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, about half of the current staff. The Governor's FY 2012 revised budget includes \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

**RI Film and Television Office.** The Assembly transferred the Film and Television Office from the Arts Council to the Department of Administration. It provided general revenue funding of \$0.3 million and 2.6 full-time positions, consistent with Governor Chafee's recommendation.

**Office of Digital Excellence.** The Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. It authorized a chief digital officer, who must be appointed by the Director of the Department of Administration, with approval from the Governor. The Office shall coordinate its efforts with the Division of Information Technology. The legislation requires the chief digital

officer to report to the Governor, the Speaker of the House of Representatives, and the Senate President, every January 31, the status of all technology infrastructure projects, website improvements, number of e-government transactions and revenues generated and projects supported by the Information Technology Investment Fund.

**Rhode Island Health Benefits Exchange.** The Budget reflects the Rhode Island Health Benefits Exchange in the Office of the Governor. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The Exchange will report to the Board of the Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor. The Budget includes 6.0 positions, including a director to oversee the Exchange.

**Medicaid Benefits Program.** Governor Chafee's budget transferred the Medicaid medical benefits program from the Department of Human Services to the Executive Office of Health and Human Services. The administrative staff was transferred in FY 2012 and the eligibility application process will remain with the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department. The Assembly concurred.

**HIV Care and Treatment Program.** Governor Chafee requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

**Higher Education Assistance Authority Merger.** Governor Chafee's budget includes the transfer of \$27.8 million and 39.6 out of the authorized 41.6 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. He proposed legislation that would terminate the Authority and its corporate existence on September 1, 2012 and all of its rights, obligations and properties would be transferred to the Board of Governors for Higher Education. The Assembly did not concur with the proposed merger and provided \$27.7 million and 38.6 positions, maintaining the Higher Education Assistance Authority as a stand-alone agency.

**Board of Education.** The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

**Rhode Island Public Telecommunications Authority.** The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from the state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

**Dispatch Unit and Port Security.** The Budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2012 Assembly enacted legislation to reverse its prior mandate for the transfer.

**Program Review.** Governor Chafee's budget recommended a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council to be conducted by a new Office of Management and Budget, which would be charged with

developing a plan that includes strategies to reorganize or centralize environmental and coastal resource management programs in order to improve efficiencies. A report detailing this plan would be due to the General Assembly and the Governor by November 1, 2012. The Assembly did not concur and instead required that the new Office of Management and Budget perform a study on transportation programs.

#### *FY 2014*

**EDC/Commerce Corporation.** The Budget delays the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office is empowered to assume functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further requires that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office, and the Governor may include these recommendations as part of his FY 2017 budget.

**Renewable Energy Fund Program Transfer.** Governor Chafee's budget transfers the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Governor's recommended budget includes expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. The Assembly did not concur and maintained the program in the Corporation.

**Office of Regulatory Reform.** Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Laws to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. Governor Chafee's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform reports to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

**Rhode Island Health Benefits Exchange.** The Budgets reflect the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development.

**Construction Permitting, Approvals and Licensing.** The Budget reflects the creation of a new program in the Department of Administration: Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicates that the program change was necessary to avert the appearance of a conflict of interest between the Office of Capital Projects and the aforementioned offices.

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

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

### *FY 2015*

**Office of Diversity, Equity and Opportunity.** The Budget reflects the creation of the Office of Diversity, Equity and Opportunity within the Department of Administration. Existing staff of 7.0 full-time equivalent positions and funding will be transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office.

In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and make recommendations to improve collaboration between these offices. The creation of the Office of Diversity, Equity and Opportunity reflects the Department of Administration's recommendation.

**Rhode Island Emergency Management Agency.** The Budget reflects the Emergency Management Agency and the National Guard as two stand-alone agencies. They were two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as their operational structures. There were no major changes to funding levels or positions.

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

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

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

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

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

**Higher Education Assistance Authority Merger.** Governor Raimondo's budget transferred all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer and established a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflected the transfer of \$19.1 million and 15.0 full-time equivalent positions to the Office of Postsecondary Commissioner. Administrative responsibility for the state's tuition savings program would be transferred to the Office of the General Treasurer. The recommendation represents direct program positions as well as overhead support. Remaining direct functions will require fewer staff with the efficiencies provided for in a merger; therefore, the Assembly eliminated 5.0 positions and \$0.8 million. One position and \$0.3 million was shifted to the Office of the General Treasurer to administer the *CollegeBoundfund*.

**Executive Office of Commerce.** The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and serves as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce has powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. Consistent with the legislation, Governor Raimondo's budget included the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transferred the Film and Television Office from the Department of Administration to Commerce. It did not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

**Capital Projects Consolidation.** Governor Raimondo's budget proposed consolidating construction property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Assembly concurred; however, transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

**Division of Advocacy.** Governor Raimondo's budget proposed consolidating the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive Office of Health and Human Services. The consolidation was for administrative and budget purposes only, and all agencies would maintain their responsibilities as mandated by current law. The Governor subsequently requested an amendment that rescinded the proposed legislation, maintained the offices as separate agencies, and restored operating savings assumed to be achieved through the merger. The Assembly concurred.

**Non-Prescribing Boards Consolidation.** Governor Raimondo proposed consolidating all of the non-prescribing health professional boards into one board. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors. The Department of Health approves all written and practical examinations, and issues licenses and permits for these professions. The proposed legislation would create a single board of review for appeals, discipline and advisory functions. This would allow for the elimination of 2.0 positions that support the boards and \$0.2 million from general revenues. The Assembly did not concur.

**RI Film and Television Office.** The Budget transferred the Rhode Island Film and Television Office, including \$0.3 million from general revenues and 2.6 full-time equivalent positions, from the Department

of Administration to the Rhode Island State Council on the Arts. The Film and Television Office works with filmmakers to identify filming sites, vendors, and promote the benefits of working in Rhode Island. Governor Raimondo's FY 2016 recommendation transferred the Office to the Executive Office of Commerce. The Office was transferred to the Department of Administration from the Council as part of the FY 2013 budget.

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

#### *FY 2017*

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

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

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

**Office of Internal Audit.** Governor Raimondo proposed legislation to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office will be managed by a chief of internal audit, who must be appointed by the Director of the Department of Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflected the consolidation of internal auditing functions and staff from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island are transferred to the Office. The Assembly concurred.

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

**Department of Health.** Governor Raimondo's budget reflected a reorganization of functions within the Department of Health. Certain programs such as the Health Laboratories and the Office of State Medical Examiners were merged. It reflected the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program, and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program. The Assembly concurred.

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

**Office of Veterans' Affairs.** Governor Raimondo included legislation to create the Office of Veterans' Affairs within the executive branch, reporting directly to the Governor. This removed it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget. The Assembly concurred.

#### *FY 2018*

**Public Safety Consolidation.** The Governor proposed legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as Superintendent of the State Police. The Governor also proposed to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The director of the Emergency Management Agency would be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities. The Assembly did not concur.

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

The Governor proposed legislation to amend the disposition of the real estate conveyance tax to transfer five cents of the current 30 cents that the Housing Resources Commission receives to the Department of Health for lead poisoning prevention activities. The recommended budget included \$0.6 million from these

resources for the Department of Health to fund 3.0 additional positions, including two lead inspectors and one data manager as well as operating costs. She subsequently requested an amendment to require an annual transfer of not less than \$590,000 from the Real Estate Conveyance Tax.

The Assembly did not concur and maintained current law.

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

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

**Health and Human Services - Finance Staff.** The Governor transferred 91.0 finance positions to the Executive Office of Health and Human Services from agencies under its umbrella in her FY 2018 recommendation; this is consistent with current law. The transfer includes: 39.0 positions from the Department of Human Services, 33.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 12.0 positions from the Department of Children, Youth and Families, and 7.0 positions from the Department of Health. Funding would remain with the individual agencies. Functions include finance administration, billing and data entry. This increased the level of 17.0 finance positions in the Executive Office to 108.0 positions. The Assembly concurred.

**Eleanor Slater Hospital Reorganization.** The Governor's FY 2018 recommendation assumed savings of \$12.2 million, \$5.7 million from general revenues from reorganizing the state hospital. This included transferring youth currently at the 54-bed Youth Assessment Center to the Youth Detention Center and moving the adult forensic population at the Pinel Building into the newly vacated space. It included privatizing laboratory services, closing one intermediate care facility, downsizing medical services and administrative staff and closing one of the two remaining intermediate care facilities. The plan also included transferring medical patients to the Zambarano campus in Burrillville and converting recently vacated space into a step-down unit to increase capacity for psychiatric patients. The Assembly included savings of \$11.2 million, \$5.2 million from general revenues. It did not concur with privatizing laboratory services.

**Eisenhower House.** The Assembly concurred with the Governor's proposal to transfer the management of the Eisenhower House, a historic state-owned property in Newport, from the Historical Preservation and Heritage Commission to the Department of Environmental Management. The Budget included \$188,150 from all funds for staff and operations of the facility. This includes \$50,000 from general revenues and \$138,150 from new restricted receipts, which would be derived from booking fees of the facility. FY 2016 expenditures for the facility were \$135,536.

### ***FY 2019***

**Water Resources Board.** The Governor proposed to transfer the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The legislation designates the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Additional statutory changes are required; however, the legislation calls for those changes to be submitted to the 2019 Assembly. A Memorandum of Understanding, signed on October 20,

2017, between the Department of Administration and the Public Utilities Commission was used to allow the transfer for FY 2018.

Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process.

The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

**Building, Design and Fire Professionals.** The Assembly concurred with the Governor's proposal to consolidate professions relating to building and construction design, inspection, and enforcement of building and fire codes. The Budget reflected the transfer of several programs, funding and staffing of 59.0 full-time equivalent positions to the Department of Business Regulation. These include the State Fire Marshal from the Department of Public Safety, the Building Code Commission, Contractors' Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.

A Memorandum of Understanding, signed on January 12, 2018, between the Department of Administration and the Department of Public Safety was used to allow the transfer for FY 2018.

**Health Professional Licensing to Business Regulation.** The Governor proposed transferring the licensure of several professionals from the Department of Health to the Department of Business Regulation. These include: barbers, cosmeticians, manicurists and estheticians; electrolysis; funeral directors and embalmers; opticians; speech pathologists and audiologists; hearing aid dealers; athletic trainers; interpreters for the deaf; and music therapists. The Budget also assumed the transfer of \$0.2 million from general revenues and two positions for the administration of licensing functions from the Department of Health to the Department of Business Regulation.

The Assembly did not concur with any of the proposed transfers.

**Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, these costs were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services will reimburse the internal service funds for the costs. The Governor's budget transferred \$48.3 million from the Department of Administration to state agencies and the Assembly concurred.

**Consolidation of Medical Marijuana Oversight at Business Regulation.** The Governor proposed to expand the regulatory role of the Department of Business Regulation, including centralizing the registration and regulation of authorized purchasers, compassion center cardholders, primary caregivers, issuance or renewal of registry identification cards, and eliminating the role of the Department of Health to define the equivalent amounts of medical marijuana. The program is staffed by 5.9 full-time equivalent positions in the Department of Health; the Department of Business Regulation had 4.0 full-time equivalent positions, but the Governor's budget proposed to add 4.0 more positions in FY 2019. The Assembly did not concur with this proposal.



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## Explanations of Budget Articles

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### 2019-H 5150

#### Article 1

**Section 1. Appropriations.** This section of Article 1 contains the revised appropriations for FY 2019.

**Section 2. Line Item Appropriations.** This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

**Section 3. Transfer of Functions.** This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

**Section 4. Contingency Fund.** This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

**Section 5. Internal Service Funds.** This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

**Section 6. Legislative Intent.** This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2019.

**Section 8. Employment Security Funds.** This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund for FY 2019.

**Section 9. Lottery.** This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

**Section 10. Appropriation of CollegeBound Saver Funds.** This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2019. The Governor's budget includes \$7.9 million from these sources for state grant programs.

**Section 11. Full-Time Equivalent Positions.** This section of article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2019. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,230.7 full-time equivalent positions, 21.0 positions more than authorized for FY 2019. For many years, the budget has also limited a certain number of these positions to those solely funded by third party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding.

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## Explanations of Budget Articles

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The Governor recommends creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island such as dining halls. The recommendation also reduces the number of third-party funded positions to 440.0 from 622.8. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

**Section 12. Quonset Development Corporation Transfer.** This section requires the transfer of \$2.0 million from Quonset Development Corporation to state general revenues by June 30, 2019.

**Section 13. Rhode Island Health and Educational Building Corporation Transfer.** This section requires the transfer of \$2.0 million from the Rhode Island Health and Educational Building Corporation to state general revenues by June 30, 2019.

**Section 14. Rhode Island Housing and Mortgage Finance Corporation Transfer.** This section requires the transfer of \$2.5 million from Rhode Island Housing to state general revenues by June 30, 2019.

**Section 15. Resource Recovery Corporation Transfer.** This section requires the transfer of \$5.0 million from the Rhode Island Resource Recovery Corporation to state general revenues by June 30, 2019.

**Section 16. Rhode Island Student Loan Authority Transfer.** This section requires the transfer of \$1.5 million from the Rhode Island Student Loan Authority to state general revenues by June 30, 2019.

**Section 17. Oil Spill Prevention, Administration, and Response Fund Transfer.** This section requires the transfer of \$1.0 million from the Oil Spill Prevention, Administration, and Response Fund within the Department of Environmental Management to state general revenues by June 30, 2019.

**Section 18. Underground Storage Tank Trust Fund Transfer.** This section requires the transfer of \$1.0 million from the Underground Storage Tank Trust Fund within the Department of Environmental Management to state general revenues by June 30, 2019.

**Sections 19 through 24. Department of Environmental Management Unexpended Bond Funds Transfer.** These sections require the transfer of unexpended bond funds totaling \$1.4 million from six different accounts within the Department of Environmental Management to state general revenues by June 30, 2019.

**Section 25. Effective Date.** This section provides that the act shall take effect upon passage.

### Article 2. Taxes and Revenues

Article 2 extends the requirement to collect sales tax to remote sellers in a way that conforms to a recent U.S. Supreme Court decision making it easier for states to compel collection of the sales tax from retailers who do not have a physical presence in their state. The items being sold have always been subject to the sales tax, but the obligation was on the buyer to remit the funds themselves. Current state law, as updated in 2017, established obligations for participants in remote transactions with respect to collecting sales tax or notifying their customers of their obligations to remit amounts owed. Article 2 requires that entities with at least \$0.1 million in sales or 200 separate transactions in the prior year register to collect and remit sales taxes. The prior requirements would no longer be in effect as of July 1, 2019. As established in 2017, there is a fine of \$10 for each violation but a minimum fine of \$10,000. Article 2 corrects an error introduced in the 2018 session whereby \$10,000 became the maximum fine. The article would be effective 90 days after

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## **Explanations of Budget Articles**

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passage. The FY 2020 budget assumes \$11.5 million in revenues from this proposal assuming passage by April 1 for a July 1 effective date.

### **Article 3. Online Sports Wagering**

Article 3 amends the current sports wagering law to permit players within the state of Rhode Island to place a wager through an online system at a hosting facility, 24-hours a day, provided the player has established an online gaming account, in person, at the facility. The FY 2020 budget assumes a \$3.0 million revenue increase from this proposal assuming remote bets would begin in January 2020. The FY 2021 impact is projected to be \$8.5 million.

### **Article 4. Transfers**

Article 4 repeals the requirement that in the event a budget submitted by the Governor to the General Assembly includes any transfers of resources from public corporations to the general fund, the submission must also include alternatives for those transfers. The 2017 Assembly added the requirement for alternatives to solicit concrete proposals that could be considered as part of the budget deliberations.

### **Article 5. Effective Date**

Article 5 provides that the act shall take effect upon passage, except where a provision within an article specifies a retroactive or prospective effective date.

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## Explanations of Budget Articles

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## Explanations of Budget Articles

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### 2019-H 5151

#### Article 1

**Section 1. Appropriations.** This section of Article 1 contains the appropriations for FY 2020.

**Section 2. Line Item Appropriations.** This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

**Section 3. Transfer of Functions.** This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

**Section 4. Contingency Fund.** This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

**Section 5. Internal Service Funds.** This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

**Section 6. Legislative Intent.** This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2020.

**Section 8. Employment Security Funds.** This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund for FY 2020.

**Section 9. Lottery.** This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

**Section 10. Appropriation of CollegeBound Saver Funds.** This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2020. The Governor's budget includes \$4.8 million from these sources for state grant programs.

**Section 11. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2020. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee, may jointly adjust the authorization. Total staffing is 15,413.1 full-time equivalent positions, 203.4 positions more than authorized for FY 2019. For many years, the budget has also limited a certain number of these positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding.

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## Explanations of Budget Articles

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The Governor recommends creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island such as dining halls. The recommendation also reduces the number of third-party funded positions to 440.0 from 622.8. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

**Section 12. Multi-Year Appropriations.** This section makes multi-year appropriations for a number of capital projects included in the FY 2021 through FY 2024 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2020 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2019 Appropriations Act.

**Section 13. Reappropriations.** This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated in FY 2020. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

**Section 14. Rhode Island Housing and Mortgage Finance Corporation.** This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

**Section 15. Rhode Island Housing and Mortgage Finance Corporation Transfer.** This section requires the transfer of \$1.5 million from Rhode Island Housing to state general revenues by June 30, 2020.

**Section 16. Infrastructure Bank Transfer.** This section requires the transfer of \$4.0 million from the Rhode Island Infrastructure Bank to state general revenues by June 30, 2020.

**Section 17. Rhode Island Student Loan Authority.** This section requires the transfer of \$1.5 million from the Rhode Island Student Loan Authority to state general revenues by June 30, 2020.

**Section 18. Effective Date.** This section establishes the article is effective upon passage.

### Article 2. State Funds

This article creates six new restricted receipt accounts and exempts 21 accounts from the state's indirect cost recovery charge. Seventeen of the new exemptions relate to newly proposed changes to the regulation of hemp and cannabis as part of Article 20, with uses in several state agencies. The new accounts in Article 2 include two in the Department of Business Regulation relating to real estate appraisals, one in the Office of Postsecondary Commissioner for distance learning reciprocity fees, one in the Executive Office of Health and Human Services, for the Health System Transformation Project, and two in the Department of Health, Health Systems Monitoring and Compliance and Health Information Technology. The latter is currently established in law as a fund. The legislation does not specify what the uses are for the Health Systems Monitoring and Compliance account.

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## Explanations of Budget Articles

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### Article 3. Government Reform

**Sections 1 through 12 and 18 through 20. Regulatory Changes.** These sections repeal a variety of fees and remove certain administrative requirements for several licensed professions. This includes eliminating the permit fee for parking lot and parking garage operators within the Warwick Airport Parking District, the \$1.00 duplicate license fee for caterers, fees pertaining to local leather and hide inspectors, license fees for gasoline retailers, and the temporary licenses for motor carriers qualified to operate in two or more jurisdictions. It removes the notarization and oath requirements for sign language interpreters and water-filtration treatment system installers.

The article also permits the Department of Business Regulation to establish fees for referees and other licensed officials of amateur mixed martial arts competitions, with certain exclusions similar to current boxing rules. It increases the \$500 fine for violating the provision of the general laws pertaining to auto salvage yards to a \$1,000 civil penalty and extends the application to regulation violations. The article also clarifies conditions under which the Department of Environmental Management determines if remediation of contaminated vapors or gases related to proposed school buildings is required.

The article also contains language to clarify specific statutory responsibilities now that the Contractors' Registration and Licensing Board is within the Department of Business Regulation. It increases the insurance policy for roofing contractors from \$1.5 million to \$2.0 million but eliminates the per-job bonding requirement. The article also moves roofing contractors' annual continuing education requirement to biennial and exempts those in good standing since 2015.

**Sections 13 and 21. Function Transfers.** The article transfers the ombudsman position from the Office of Regulatory Reform within the Department of Administration to the Department of Business Regulation. It also transfers the enforcement powers for violating provisions for a variety of price and brand display requirements, and counterfeit or fraudulent sales of fuel and lubricants as well as all other false advertisement violations from the Department of Business Regulation to the Department of Labor and Training.

**Sections 14 through 17. Background Checks.** The article establishes new requirements for background checks for volunteers, employees and vendors. All employees, including those of vendors and subcontractors, with access to federal tax information would have to undergo state and national fingerprint criminal background checks. The personnel administrator would be empowered to facilitate the coordination of this requirement for state employees. The background check for employees of vendors will be included in contracts for all new employees and current employees must complete the background check within a "reasonable time" as approved by the respective agency directors or their designees.

The proposal also requires applicants who are seeking employment or to volunteer at the Training School, to operate a facility licensed by the Department of Human Services, or employment at a child day care program, a foster or adoptive home, a child's behavioral health program, or in a child caring agency to receive background checks. If seeking employment at a child care center, these background checks will require fingerprinting testing to occur every five years to identify if the applicant is in the National Sex Offender Registry or the Rhode Island Sex Offender Registry. The director of the Department of Human Services would be responsible for determining disqualifying criteria revealed in the background check for operating a facility that it licenses.

**Sections 22 through 26. Revenue and Taxation Authority.** These sections authorize the Division of Taxation to periodically publish a list of entities and their active licenses, apparently to facilitate liquor

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## Explanations of Budget Articles

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license confirmation. These sections also add income from casino gambling and sports wagering to existing law requiring withholding from lottery prizes, require use of prescribed forms for employee withholding by employee leasing companies and adds interest charges when an entity fails to remit withholding at prescribed times. Additionally, employers with more than \$200 per month in withholding must remit electronically or face fines. The article also includes model legislation that gives states a mechanism to deal with the results of the new federal audit regime for certain corporate partnerships. Lastly, the article removes the requirement for the Department of Revenue to monitor the Coventry Fire District's compliance with its governing statutes.

**Section 27. Injured on Duty.** This section includes several changes to the injured on duty law to limit the amount of time this benefit is applicable. It allows an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for an accidental disability pension. Under current law, it must be the treating physician that makes the certification. It removes language that provides that the statute does not alter any rights with respect to independent medical exams in a collective bargaining agreement. The article also provides that injured on duty benefits would terminate upon final ruling of the State Retirement Board and would not continue during appeal. Current recipients of injured on duty payments will have 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions. Those current recipients who have been denied or approved for an ordinary or accidental disability benefit by a final ruling of the State Retirement Board would have their injured on-duty payments terminated. The Governor's budget includes savings of \$1.7 million from general revenues from these changes as they relate to state employees, although the article is also applicable to municipal employees.

### Article 4. Government Reorganization

**Sections 1, 2 and 31. Employer Tax Unit.** The article transfers the responsibilities of the collection of taxes for temporary disability insurance, employment security, and the Job Development Fund from the Department of Revenue to the Department of Labor and Training. It includes broad authority for the law revision office of the General Assembly to make changes to the statutes to effectuate the transfer. These sections would be effective October 1, 2019, but the FY 2020 budget transfers related funding for the full fiscal year.

**Sections 3 through 8, 14 and 16. Veterans Affairs.** These sections transfer the Office of Veterans' Affairs from the Department of Human Services to the Executive Office of Health and Human Services. It also removes obsolete language.

**Sections 9 and 10. Motor Vehicle Inspection Commission.** These sections repeal the motor vehicle inspection commission and transfer the authority to adjudicate administrative hearings related to motor vehicle inspections to the Director of the Department of Revenue. The Commission is defunct and the proposed changes align with current practice.

**Sections 11 and 12. Federal Grants Management.** These sections transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control.

**Sections 13, 17, 18 and 30. Water Resources Board.** The article transfers the Water Resources Board from the Division of Planning within the Department of Administration to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated utilities, currently funded from general revenues. The budget assumes savings of \$0.4 million in FY 2020. The legislation keeps the

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## Explanations of Budget Articles

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Department of Administration as the agency responsible for the Big River Management area, which must be maintained for future development of groundwater wells.

**Sections 14 through 16, 19, 22, 23 and 29. Elderly Affairs.** These sections transfer the Division of Elderly Affairs to the Executive Office of Health and Human Services and renames it the Office of Elder Affairs. The article retains the director position which will be appointed by, and report directly to, the Governor; it is currently an unclassified position, appointed by the Governor with the advice and consent of the Senate.

**Sections 20, 21 and 24 through 28. Day Care Licensing.** The article transfers the statutory responsibility of licensing and monitoring child day care providers from the Department of Children, Youth and Families to the Department of Human Services and grandfathers previously issued, unexpired licenses prior to January 1, 2020. The article also clarifies that child caring agencies, foster and adoptive homes, and children's behavioral health programs are a part of the Department of Children, Youth and Families' licensing responsibilities.

### Article 5. Taxes, Revenues and Fees

**Sections 1 and 18. Firearms and Ammunition.** These sections propose an excise tax on firearms and ammunition of 10.0 percent effective October 1, 2019. Those licensed to sell these items would also now be required to demonstrate they are in compliance with this new tax as a condition of licensure; civil and criminal penalties are proposed for noncompliance. The Governor's budget assumes an effective date of October 1, 2019 and includes of \$0.8 million of new revenues.

**Sections 2, 3, 6 and 8. Fees and Penalties.** Sections 2 and 3 increase license fees for mortgage loan originators from \$100 to \$400 and registration fees for debt collector businesses from \$100 to \$500. Section 6 proposes to make the current mandatory provision of delinquent taxpayer information to the Division of Motor Vehicles voluntary and further proposes to charge municipalities a \$5 fee for each registration hold placed using that information. The Governor's budget assumes \$2.2 million from these three changes. The Governor's executive summary describes the debt collector fee as increasing to \$750; it appears that was the intent. It is unclear what information was used to calculate the revenue estimate as there is also a discrepancy in supporting documents on the number of licensees;

Section 8 proposes to change applicable interest rates for the collections unit of the Department of Revenue to be the greater of 13 percent or the same rate charged by the agency referring the debt for collection. Current law is between 18 and 21 percent, depending on the prime interest rate. The budget does not assume any change in revenues.

**Sections 4, 13 through 16. Tobacco Taxes.** These sections transfer the regulatory authority over electronic nicotine delivery systems from the Department of Health to the Division of Taxation, and subject these systems, including e-liquids to a 40.0 percent wholesale tax, effective September 1. The article also increases the cigarette tax by \$0.25 to \$4.50 per pack, including a floor tax adjustment and raises the tax cap on cigars from \$0.50 to \$0.80 both effective August 1. The article also increases the dealer's application fee from \$25 to \$75, the initial licensing fee from \$100 to \$250, and the renewal fee from \$25 to \$250. Licensing would also be expanded to include dealers of e-cigarette products. These sections also prohibit business transactions with unlicensed businesses with limited exclusions, and provide that other tobacco products and e-liquid products are subject to the same enforcement and adjudication processes under current law for cigarettes. The Governor's budget assumes \$4.1 million from the tax changes and \$0.5 million

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## Explanations of Budget Articles

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from the license fee changes. The Governor's executive summary describes the cigarette dealer license fee as increasing to \$400; it appears this was the intent and the revenue estimate assumes the higher fee.

**Section 5. Job Development Fund.** This section extends the job development fund assessment to include non-profit, non-governmental employers of 1,000 or more employees beginning January 2020. This is estimated to impact 11 employers and generate approximately \$1.2 million for the fund. The Governor proposes the additional funding be used to support Real Jobs Rhode Island.

**Sections 7 and 10. Hotel Tax.** This section increases the 5.0 percent state hotel tax to 6.0 percent, and reallocates the shares of revenues among entities such that all of the increase accrues to state general revenues. The budget assumes an effective date of July 1, 2019 and \$4.4 million in new revenues.

**Sections 9 and 12. Sales and Use Taxes.** Section 9 subjects several new services and service charges to the state's sales and use tax, including: digital streaming and access, interior design, in-state lobbying, commercial building services, and hunting, trapping and shooting fees and memberships as identified by specific North American Industry Classification System Codes. The changes would be effective October 1, 2019, and the Governor's budget assumes \$10.8 million in additional revenues.

**Section 11. Remote Sellers.** Section 11 contains language identical to Article 2 of the FY 2019 revised budget contained in 2019 H 5150 relating to remote sellers. It extends the requirement to collect sales tax to remote sellers in a way that conforms to a recent U.S. Supreme Court decision making it easier for states to compel collection of the sales tax from retailers who do not have a physical presence in their state. The items being sold have always been subject to the sales tax, but the obligation was on the buyer to remit the funds themselves. Current state law, as updated in 2017, established obligations for participants in remote transactions with respect to collecting sales tax or notifying their customers of their obligations to remit amounts owed.

Section 11 requires that entities with at least \$0.1 million in sales or 200 separate transactions in the prior year register to collect and remit sales taxes. The prior requirements would no longer be in effect as of July 1, 2019. As established in 2017, there is a fine of \$10 for each violation but a minimum fine of \$10,000. This section also corrects an error introduced in the 2018 session whereby \$10,000 became the maximum fine. The FY 2020 budget assumes \$11.5 million in revenues from this proposal assuming passage of those provisions by April 1 for a July 1 effective date.

**Section 17. Litter Fees.** This section increases the fees on beverage containers and hard-to-dispose materials. Current law charges include \$0.04 per case of beverage containers sold by a wholesaler, \$0.05 per quart or \$0.053 per liter on motor oils, \$0.10 per gallon or \$0.0264 per liter on antifreeze, \$0.0025 per gallon or \$0.00066 per liter on organic solvents, \$0.50 per tire, and \$3.00 for each new vehicle. This proposal would double these taxes to generate \$3.1 million in additional general revenues for FY 2020.

**Section 19. Uniform Oil Spill Response and Prevention.** This section doubles the fee assessed to support the Oil Spill Prevention, Administration, and Response Fund that is collected on barrels of petroleum products received at marine terminals from vessels originating outside the state. The section also expands allowable uses of the fund to pay for compliance and monitoring activities for storm water management and brownfields remediation. Additionally, the Governor proposes transferring \$1.0 million of current reserves from this fund to state general revenues by June 30, 2019. The fee would increase from five to ten cents per barrel increasing collections by an estimated \$1.5 million.

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## **Explanations of Budget Articles**

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### **Article 6. Public Debt Management Act**

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 6 contains four authorizations totaling \$125.5 million. It includes \$80.5 million from revenue bonds for three projects at the University of Rhode Island. These include \$51.5 million for the renovation and expansion of Memorial Union, \$2.1 million for Fraternity Circle master plan implementation, and \$26.9 million for a new combined health and counseling center. Annual debt service would be \$5.9 million for all three projects supported by student fees, general revenues, tuition, and retail leases.

Article 6 also includes \$45.0 million through Certificates of Participation for renovations to the Department of Corrections' High Security Center. This is part of a \$60.0 million project that identifies \$15.0 million as coming from Rhode Island Capital Plan funds, though there is not specific enumeration of that support in the budget. Annual debt service for the Certificates of Participation would be \$4.3 million and be paid from general revenues.

### **Article 7. Motor Vehicles**

Article 7 raises the \$1.50 technology surcharge applied to all Division of Motor Vehicles transactions to \$2.50 and makes the fee permanent. The 2018 Assembly extended the surcharge collections from FY 2018 through FY 2022 to allow sufficient funds to pay for additional costs of the new computer system. The revenues are currently deposited in the Information Technology Investment Fund to repay the payment made to close out that project and any excess funds would be available for enhancements to the Division's computer system. The current proposal makes the increased revenues available for immediate use by the Division and the entire fee after FY 2021 once prior commitments are repaid. The budget estimates this will generate \$1.6 million of new revenues for the division.

The article also repeals the requirement for reissuance of license plates every ten years and deletes the current exemption for having a title applicable to vehicles over twenty years old, after the 2000 model year.

### **Article 8. Transportation**

Article 8 provides the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation's current share of the Highway Maintenance Account for FY 2020. It also requires that the Department of Transportation reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of motor vehicles fees that are currently going into the Highway Maintenance Account. The FY 2020 recommended budget assumes salary and benefit costs of \$4.5 million for these employees.

The 2014 legislation indexed the gasoline tax to the Consumer Price Index every other year, rounded to the nearest cent and dedicated such increases to the Department of Transportation. Article 8 requires that half of the FY 2020 increase would be dedicated to the Rhode Island Public Transit Authority. This would effectively increase the Authority's share of the gasoline tax to 10.25 cents.

Article 8 also amends current permit fees for excess weight loads. It increases the single use trip permit fee from \$20 to \$40 and the annual fee from \$300 to \$400 for loads under 130,000 pounds. It establishes a new fee of \$300 for loads exceeding 130,000 pounds. The budget assumes \$0.5 million in general revenues from this change.

## Explanations of Budget Articles

### Article 9. Local Aid

**Section 1. Property Subject to Taxation.** This section provides that property of non-profit hospitals and higher education institutions is only exempt from taxation when it is used exclusively for the purpose of which the hospital is incorporated or educational purposes, respectively. This effectively allows for such properties to be subject to the local property tax. The article also stipulates that if an institution has made a payment in lieu of taxes to a municipality, its liability is reduced by that amount. A municipality may also reduce or waive the liability.

**Sections 2 and 3. Motor Vehicle Tax Phase-Out.** These sections alter the schedule of changes in current law for the maximum allowable percentage of clean retail value assessed, minimum exemption amount, and tax rate cap prior to the total excise tax phase-out. The tax phase-out would still progress and be eliminated in FY 2024 but the changes slow the pace of the impact to taxpayers to later years.

Fiscal Year	No Tax After Age	Current Law			2019-H 5151			Change to Current Law		
		% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor
2017	25	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500	-	\$ -	\$ -
2018	15	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000	-	\$ -	\$ -
2019	15	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000	-	\$ -	\$ -
2020	15	85.0%	\$ 35	\$ 3,000	87.5%	\$ 40	\$ 2,800	2.5%	\$ 5	\$ (200)
2021	15	80.0%	\$ 35	\$ 4,000	84.0%	\$ 35	\$ 3,800	4.0%	\$ -	\$ (200)
2022	15	75.0%	\$ 30	\$ 5,000	79.0%	\$ 30	\$ 4,800	4.0%	\$ -	\$ (200)
2023	15	70.0%	\$ 20	\$ 6,000	67.5%	\$ 25	\$ 6,000	-2.5%	\$ 5	\$ -
<b>2024</b>		<i>No Tax Levied</i>								

The budget assumes that these changes will reduce the current law cost in FY 2020 by \$16.3 million.

### Article 10. Universal Prekindergarten

**Early Childhood Aid.** As part of the education aid funding formula, the General Assembly annually appropriates funding for the early childhood category of education aid, which is used to provide free, high quality prekindergarten programs. The number of classrooms supported in any fiscal year is limited to the appropriation. This article eliminates language that limits the program to funding determined by the General Assembly, and requires that the program expand until every family who wants a high quality prekindergarten seat for their four-year-old has one. The Governor's budget includes \$15.6 million for the early childhood category of education, which is \$8.2 million more than enacted, including \$9.3 million more from general revenues. This includes \$14.5 million for prekindergarten classrooms and \$1.1 million for oversight, professional development and evaluation.

**Program Implementation.** The article authorizes the Department of Elementary and Secondary Education to promulgate and adopt regulations for implementing a universal prekindergarten program. The Department will work with the Department of Human Services, other state agencies and private charities to establish programs that ensure prekindergarten providers meet licensing and facility standards. Local education agencies would also be required to develop transition plans for prekindergarten students moving to kindergarten with strategies for students and families, as well as programmatic strategies for schools and educators.

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## Explanations of Budget Articles

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The Departments of Elementary and Secondary Education and Human Services would work with the Children's Cabinet to identify sources of federal funds that may be used to support early learning, as well as identify ways to improve state systems to ensure that they are coordinated and aligned to the same goals. The article requires continued investment in the Early Childhood and Education Data System, which centralizes early learning data across state agencies. The Governor's recommended budget includes \$0.3 million from Information Technology Investment funds for FY 2019 for this system.

**Child Care Rates.** Article 10 amends child care rates paid to licensed child care centers for preschool aged children. The 2018 Assembly enacted a tiered system of reimbursement for infant, toddler, and preschool aged children at licensed centers only, with rates tied to the state's quality rating system. The Governor's recommended budget includes \$0.7 million for the Departments of Human Services and Children, Youth and Families for the increased rates. It should be noted that Article 15 also contains a separate amendment for child care provider rates by establishing a tiered reimbursement system for family-based providers.

### Article 11. Rhode Island Promise

**Community College of Rhode Island.** Article 11 expands the current Rhode Island Promise program to include part-time and full-time adult learners aged 25 and older at the Community College of Rhode Island beginning in the fall of 2019. This includes those seeking degrees as well as certificates. Recipients would be required to maintain a 2.5 grade point average, complete a minimum of 18 credit hours per year, and remain on-track to complete the credential being pursued. The scholarship would fund 60 credit hours over a maximum of four years. This article also makes the Promise program permanent by removing the current provision that the program sunset with the high school graduating class of 2020.

**Rhode Island College.** Article 11 also expands the Rhode Island Promise program to Rhode Island College for juniors and seniors who enrolled as first-time, full-time students during the fall semester of 2017. This is similar to the original proposal from the FY 2018 budget that was not enacted. Eligible students must have earned a minimum of 60 credit hours and declared a major prior to receiving the scholarship and follow the same current rules about full-time enrollment and grade point averages. A student would only be eligible to receive one Promise scholarship.

**Degree Completion.** Article 11 also directs the Council on Postsecondary Education to take certain actions to address the amount of time it takes to earn a degree at the colleges with a Promise program. These include adopting a policy to withhold funding for every student who does not complete a degree in a timely manner, setting standards for making course offerings more predictable, structured and flexible, and revising transfer and articulation policies to make transferring credits between institutions more consistent and uniform. The colleges would be required to offer credit-earning courses during summer and winter intersessions by January 1, 2020, establish a common general education coursework curriculum, and complete an analysis of the postsecondary and workforce needs of the state that identifies a plan for program expansion, consolidation, and closure based on that analysis.

**Scholarship Funding.** The article eliminates the requirement that state-funded, need-based scholarships include the lesser of 20.0 percent or \$2.0 million in awards for students attending private, non-profit higher education institutions. The Governor's budget includes \$5.3 million from guaranty agency reserve funds to support the Promise expansion. As reserve funds are a finite resource currently being used for need-based scholarships, the Governor's out-year forecast assumes funding will come from general revenues.

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## Explanations of Budget Articles

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### Article 12. Economic Development

**Sections 1, 2 and 20. State and Local Partnership Council and Site Readiness.** These sections establish a quasi-public entity, the State and Local Partnership Council, to assist municipalities with economic development policies. The Council shall have nine members including the Secretary of Commerce appointed solely by the Governor. Its assistance includes preparation and implementation of economic development policies within agreed upon project sites; including superseding planning, zoning, and permitting authority; providing financial support up to 50.0 percent foregone tax revenues for certain communities with tax stabilization agreements for qualified developments subject to available funding. Municipalities and political subdivisions are prohibited from withholding services to the project sites. In the event the Council has not exercised its authority over a project, a newly proposed Quonset Development Corporation board may subsume the powers of the Council. The budget assumes use of \$3.3 million, including \$2.3 million from general revenues and \$1.0 million from Rhode Island Capital Plan funds to fund activities under the purview of these entities.

**Sections 3 through 5. Rebuild Rhode Island.** These sections require creation of separate and streamlined application processes for specified projects and facilitates the inclusion of participants of the 2013 Historic Tax Credit program. Certain historical structures and projects with a manufacturer are exempted from the minimum square footage and minimum project costs; permits separate buildings for the same project on the I-95 land to be distinct awardees, each subject to a separate \$15.0 million project cap; raises the program cap from \$150.0 million to \$250.0 million. It permits the Commerce Corporation to charge the fund up to \$250,000 for technical assistance to applicants. It also alters compliance requirements for a number of provisions related to the project cap and amount, redemption, and transfer of awarded credits for loans or equity investments in lieu of a tax credit award. The budget includes \$15 million to support the redemption of tax credits and the Governor's out-year forecast projects the need to begin setting aside \$25 million annually for FY 2021 and FY 2022 and almost \$50 million beginning FY 2023 to fund these tax credit commitments.

**Sections 6 through 12, 14 through 19, and 28. Sunsets and Technical.** These sections extend the sunset provisions for the Rebuild Rhode Island Tax Credit, Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-95 Redevelopment Fund, Stay Invested in RI Wavemaker Fellowship, Main Street Streetscape Improvement Program, Innovation Initiative, Industry Cluster Grants, High School, College, and Employer Partnerships, Air Service Development, and the Qualified Jobs Tax Credit from June 30, 2020 to December 31, 2023. The sunset for the Small Business Assistance Program is eliminated. These sections also make technical corrections to the existing Tax Increment Financing statute. There is no impact to the budget assumed with these changes.

**Section 13. Stay Invested in RI Wavemaker Fellowship.** This section amends the current law to incorporate and define the term "business" to include a variety of financial institutions, as well as insurance, investment, broker-dealer or surety companies and includes a variety of pass-through entities. This appears to allow self-employed individuals to participate.

**Sections 21 and 23. Opportunity Zone Tax Modifications.** These sections amend the Business Corporation Tax and Personal Income Tax statutes to allow for capital gains deductions with respect to investments in newly created federal opportunity zones. The budget does not assume any changes which would not affect revenues for several years; but the extent of potential impact is not clear.

**Sections 22, 24 and 25. Research and Development Tax Credit.** These sections amend the state's current research and development tax credit to extend the carry forward period for corporations from seven years

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## Explanations of Budget Articles

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to 15 years, and establishes a new transferrable research and development tax credit, awarded by the Commerce Corporation for certain companies, as defined by promulgated regulation. The new tax credit is equivalent to 22.5 percent of qualified expenditures beginning tax year 2019, not to exceed \$1.3 million annually. The credit may be carried forward for 15 years, or is transferrable, the proceeds of which are tax exempt. These sections also include annual reporting requirements and a sunset date of December 31, 2023. The budget reduces revenues by \$1.3 million consistent with the proposed annual cap.

**Sections 26 and 27. Qualified Jobs.** These sections create a two-tiered cap on the Qualified Jobs program starting July 1. The proposal drops the standard tax credit cap to \$6,500 per job unless those jobs are deemed to be part of a newly defined “major economic development opportunity.” In the case of this higher standard, the \$7,500 cap would apply. This new definition includes situations where over half the new jobs are classified as high wage and where the expansion or relocation meets additional criteria established by Commerce must include a minimum of 100 new full-time jobs in the state; or the relocation or establishment of a regional or national headquarters or other major corporate hub in the state. There is no impact to the budget assumed.

### Article 13. Minimum Wage

Article 13 would increase the minimum wage by \$0.60 to \$11.10 per hour effective January 1, 2020. The 2017 Assembly approved a two-stage minimum wage increase from \$9.60 per hour to \$10.10 per hour effective January 1, 2018, and to \$10.50 effective January 1, 2019. There have been five increases since 2014; prior to that it had not increased since 2007. The FY 2020 budget includes \$87,599 from general revenues for the impact of the increase on seasonal employees of the Department of Environmental Management.

### Article 14. Healthcare Market Stability

Article 14 establishes a Reinsurance Program, which is envisioned to provide stability in the individual insurance market. It imposes a Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions and would be effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18 or 2.5 percent of the household’s income; however, the penalty was capped at the national average premium for bronze level plans. Article 14 mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state’s health benefits exchange. The penalty would be collected by the tax administrator and would be deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds would be used to provide reinsurance, or payments to health insurance carriers, as a mean of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services. No funds from this penalty are expected to be available for use until FY 2021.

### Article 15. Children and Families

**Section 1. School Meals.** The article requires eligible schools to take advantage of a federal provision for schools designated as “highest priority” by the United States Department of Agriculture, whereby all students receive free meals. Under the provision, schools would receive a formula-based reimbursement rather than reimbursement based on a per-meal basis for eligible children. Under current law, school breakfast programs are mandatory; the article would require that public schools with 70 percent or more of students eligible for subsidized meals to offer that school breakfast program after the instructional day has

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## Explanations of Budget Articles

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begun. The Department of Elementary and Secondary Education would be authorized to issue waivers if either requirement would result in financial hardship for an eligible school.

**Sections 2 and 3. Education Costs for Juveniles in Certain Facilities.** The article shifts education costs from the state to local education authorities for youth in certain residential facilities and those sentenced to the Rhode Island Training School. Under current law, local contributions are made only for education costs of students living in group homes that do not have a contract with the Department of Children, Youth and Families for a predetermined number of placements. This change would eliminate that distinction and require payment of costs from local districts. The Governor shows the impact of that new requirement estimated to be \$1.3 million as a reduction to education aid. It is unclear what the calculation in the budget assumes, but the number does equate to the FY 2018 average Training School census of 59 youth times \$22,559 which is similar to the average per pupil statewide special education cost.

**Section 4. Foster Homes.** The article allows for a visual lead inspection of foster homes. The Department of Health would review the results of all lead inspections in foster homes and provide information needed to remediate any issues.

**Section 5. Rhode Island Works.** This section amends the restrictions that currently apply to Rhode Island Works participants eligible to receive a lifetime benefit of 48 months. It eliminates the requirement that the benefit be spread over 10 years, 24 months in two five-year periods, while keeping the maximum limit of 48 months. A participant would be eligible to stay on assistance for four years without interruption. Participants may continue to receive assistance beyond the 48 month limitation if granted hardship extensions. The budget does not assume any impact to the caseload or cost of this program, which appears to be an oversight.

**Sections 5 and 6. Child Care Assistance.** The article changes rates paid for subsidized child care through the state's child care assistance program to family-based child care providers from a flat rate to a tiered system of reimbursement. Payments made for infant, toddler, and preschool aged children would be based on the rating achieved by the provider, according to the state's quality rating system. The Governor's recommended budget includes \$150,000 from general revenues to implement this change; however, funding is only sufficient to cover infant and toddler rate increases, additional funding would be required to support tiered reimbursement for preschool aged children.

The article provides child care assistance for individuals enrolled full-time in a degree program or in an eligible certificate program at an accredited post-secondary institution. It also provides assistance for those enrolled less than full-time if completed in combination with other employment related activities approved by the Department of Human Services. The Governor's budget includes \$200,000 from general revenues for child care assistance for these students.

The article changes the current requirement that in order to be eligible for subsidized child care a family must cooperate with establishing paternity for any child in the family, instead applying that provision to just the children who are eligible to receive child care. It also increases the state's liquid asset limitation for child care assistance eligibility from \$10,000 to \$1.0 million. In 2014, the federal government amended the statute governing the child care development block grant, limiting funds to those whose family assets do not exceed \$1.0 million. It should be noted that the Department of Human Services changed its rules and regulations to reflect the \$1.0 million liquid asset limitation prior to the Governor's budget submission. As such, the Department's rules and regulations are currently in conflict with state law.

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## Explanations of Budget Articles

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### Article 16. Medical Assistance

**Sections 1, 5 and 6. Supplemental Security Income Payments.** Section 1 expands the availability of the higher state Supplemental Security Income payment for certain residents of assisted living facilities to participants in alternate, successor or substitute programs, or delivery options as determined by the Executive Office of Health and Human Services. The higher state payment, in addition to the federal payment, is used to pay the room and board costs only for an individual currently enrolled in a Medicaid managed care plan with the plan paying for the direct medical services provided at the assisted living facility. Sections 5 and 6 update applicable medical assistance program language to reflect this change.

**Section 2. Hospital and Nursing Homes Payments.** This section freezes the hospital rates at FY 2019 levels for FY 2020 and includes savings of \$15.1 million, including \$5.3 million from general revenues. It also limits the October 1, 2019 nursing home rate increase to one percent for savings of \$7.5 million, including \$3.5 million from general revenues. There is a loss of revenue from both proposals, adjusting for that the general revenue savings are of \$5.1 million and \$3.1 million, respectively.

**Section 3. Upper Reimbursement Payment.** This section eliminates the inpatient upper payment limit reimbursement for community hospitals for FY 2020 for savings of \$9.4 million, including \$3.6 million from general revenues.

**Section 4. Employer Public Assistance Assessment.** This section institutes the Employer Public Assistance Assessment that requires an employer with 300 or more employees to pay a quarterly assessment for each employee, who during that quarter, is a Medicaid recipient. This does not apply to disabled persons. The assessment is based on 10 percent of the employee wages not to exceed \$1,500 annually. The Departments of Administration, Revenue, Human Services, Labor and Training and the Executive Office of Health and Human Services would collect and share the necessary data which will not be a public record. The Governor's FY 2020 budget assumes \$15.6 million in revenue for the assessment offset by \$1.1 million of expenses for implementation.

**Section 5. Hospice Rates.** This article eliminates the rate increase applied for hospice care in a nursing facility and sets the hospice payment at 95 percent of the rate paid for non-hospice care in a nursing facility as of July 1, 2019. It also eliminates the annual rate increase applied to hospice care provided in a nursing facility. The article appears to try to fix a technical issue with language adopted in the 2018 session, but instead eliminates an intended increase to certain providers of skilled hospice care services. The Governor assumes savings of \$2.3 million for FY 2019 which appears to assume a start date of January 1, 2019. The savings for FY 2020 are \$5.5 million. Adjusting for the revenue loss, the state savings are \$1.0 million for FY 2019 and \$2.3 million for FY 2020.

**Sections 7 and 8. Participants' Rights.** These sections update the rights of a person with developmental disabilities to reflect federal changes required in the provision of home and community based services.

**Section 9. Medicaid Waiver.** This section replaces the current process requiring Assembly approval for Medicaid waiver changes with a new process that removes the smaller changes from Assembly purview.

**Section 10. Patient Centered Medical Home.** This section updates the payment reforms to be considered as part of the patient centered medical home collaborative to include alternatives to fee-for-service reimbursements to include partial and full capitated payments.

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## **Explanations of Budget Articles**

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**Section 11. Graduate Medical Education.** This section eliminates the Graduate Medical Education payment made to Lifespan; savings of \$1.0 million are included in the FY 2020 recommendation.

### **Article 17. Medicaid Reform**

Article 17 includes the resolution language for Assembly approval to make program changes included in the Governor's FY 2020 budget. Consistent with statutory changes included in Article 16, the resolution limits the October 1, 2019 nursing home adjustment to one percent and freezes hospital rates at the FY 2019 level. The article also identifies the budget proposals that do not require statutory change but do require notification to the Assembly. This includes expanding the income threshold for the co-pay programs for adult day and home care services for seniors from 200 percent to 250 percent of poverty. The Governor includes \$1.3 million, including \$0.6 million from general revenues for this change.

The article includes a wage increase for direct support professionals working for community based agencies providing services to developmentally disabled adults. The Governor's budget includes \$6.4 million, of which \$3.0 million is from general revenues, in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' FY 2020 budget for this proposal.

The article eliminates the performance incentive available to the managed care plans for meeting certain benchmarks and includes savings from reducing the incidence of C-section births for savings of \$5.4 million, including \$0.9 million from general revenues adjusting for the loss of revenue. The article also allows the Executive Office to seek a waiver from the federal requirement that Medicaid beneficiaries have a choice in a provider so that only one fiscal intermediary is used for those enrolling in a self-directed program.

It allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2020 appropriation. The changes are in addition to the savings included in Article 16 for other Medicaid proposals.

### **Article 18. Hospital Uncompensated Care**

This article extends the uncompensated care payments to the community hospitals for FY 2021, with the state making a payment on or before July 13, 2020 that does not exceed \$139.7 million.

### **Article 19. Hospital License Fee**

This article extends the hospital licensing fee in FY 2020 at a rate of 6.0 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2017, for all community hospitals except South County and Westerly, which will be assessed a 4.02 percent license fee. It includes the due date for filing returns and making the payment. Revenue from the two-tiered fee will be \$180.8 million, including \$174.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

### **Article 20. Hemp and Cannabis**

This article contains several changes to the hemp and medical marijuana programs under current law, and establishes the authorization and regulation of an age 21 and older adult-use marijuana program. It also establishes a tax structure of excise and sales taxes for marijuana and marijuana products and gives the Division of Taxation authority to collect these taxes. The regulation of all programs would be centralized

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## Explanations of Budget Articles

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within a new Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health, safety and taxation agencies.

The legislation requires the General Assembly to appoint an advisory board to advise and make recommendations to the Office and Legislature. It refines, makes distinct, or establishes licenses, or the authority to license, for the growth, production, processing, transportation, and sale of associated products; and prohibits related activities without a license for each program. It sets distinct possession and production limits, and other regulatory and enforcement authority, including fines for violations, and establishes restricted receipt accounts with which to support the regulatory activities of all agencies involved. It prohibits municipalities from banning related activities without a referendum by November 5, 2019, provided that in no instance can an existing operation be banned, and requires municipalities to enact zoning changes by January 1, 2020, when the adult use program takes effect. Program specific changes include:

**Sections 1 through 3. Hemp.** The article amends current cultivation laws to permit production of hemp-derived cannabidiol consumable products and provides distributor and retailer licenses for existing growers and handlers at no charge; for new applicants, the fee is \$500. It also exempts hemp from the Controlled Substances Act.

**Sections 5 through 6. Medical Marijuana.** The article shifts the regulation of caregivers from the Department of Health to the Department of Business Regulation. Caregivers are limited to one patient, including themselves, unless additional patients are family members or demonstrate need for a caretaker, up to five patients. Reimbursements to caretakers are limited to documented expenses. For patients and caregivers, the permissible number of plants is reduced, but the amount of usable product is increased. The article increases the number of Compassion Centers from three to nine, expedites licensure of existing licensees for additional locations; licensees which hold adult retail licenses are permitted to be for-profit entities. It further eliminates cooperative cultivators and gifting within the medical marijuana program. Certified school nurse teachers are permitted to administer non-inhalant products.

**Sections 4, 7 and 8. Adult-Use.** The article eliminates the criminal penalties associated with the use of marijuana by adults 21 and older provided they are in accordance with the Act, which does not include possession by detainees or at detention facilities, possession by persons under 21, or driving under the influence, and provides for over the road enforcement. A qualified adult may purchase up to 1 ounce per day and possess up to 5 ounces at a residence or up to 10 ounces for a residence of two or more qualified adults. Qualified adults may provide products to each other without compensation. There are limitations on the use of inhalants by renters, roomers, and within public housing authorities.

**Sections 7, 9 and 10. Revenue.** Section 7 establishes a series of restricted receipt accounts to be known as a trust fund and includes a formula for the allocation of revenue to municipalities, state agencies, and the general fund. Twenty-five percent of the revenue would be allocated for state regulatory costs, fifteen percent would go to municipalities, and sixty percent to the general fund. For FY 2020, the state would be authorized to use up to another \$3.8 million out of the trust fund for expenditure purposes. Sections 9 and 10 establish excise tax rates of \$3 per ounce of trim and \$10 per ounce of flower or bud, or the fractional or equivalent part thereof for plant production, 10.0 percent of gross retail sales, and 80.0 percent of the wholesale cost of hemp-derived cannabidiol consumable products.

The Governor's budget assumes \$4.9 million in new revenues from the legalization of marijuana including hemp as well as \$1.6 million in new revenues including sales tax, fees, and surcharge collections from changes to the current medical marijuana program.

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## **Explanations of Budget Articles**

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### **Article 21. Effective Date**

Article 21 provides that the act shall take effect on July 1, 2019, except where a provision within an article specifies a retroactive or prospective effective date.

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# **Summary Tables**

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## General Revenues

	<b>FY 2018 Audited</b>	<b>FY 2019 Consensus</b>	<b>FY 2019 Governor</b>	<b>FY 2020 Consensus</b>	<b>FY 2020 Governor</b>
<b>Personal Income Tax</b>	\$ 1,345,272,113	\$ 1,380,700,000	\$ 1,380,700,000	\$ 1,428,300,000	\$ 1,428,300,000
<b>General Business Taxes</b>					
Business Corporations	127,674,418	154,700,000	154,700,000	163,500,000	162,200,000
Public Utilities Gross	109,594,153	100,800,000	100,800,000	103,200,000	103,200,000
Financial Institutions	29,176,929	23,300,000	23,300,000	24,400,000	24,400,000
Insurance Companies	130,261,721	126,100,000	126,100,000	132,100,000	131,690,132
Bank Deposits	1,638,592	3,000,000	3,000,000	3,000,000	3,000,000
Health Care Provider	44,099,790	52,000,000	51,873,350	56,700,000	55,992,768
<b>Sales and Use Taxes</b>					
Sales and Use	1,057,205,387	1,111,000,000	1,111,000,000	1,157,000,000	1,181,039,814
Motor Vehicle	20,821,761	3,100,000	3,100,000	5,300,000	5,300,000
Cigarettes	146,877,686	139,000,000	139,000,000	134,300,000	137,502,684
Alcohol	19,928,711	20,700,000	20,700,000	21,400,000	22,401,451
Cannabis	-	-	-	-	2,694,299
<b>Other Taxes</b>					
Inheritance and Gift	51,401,550	34,500,000	34,500,000	33,900,000	33,900,000
Racing and Athletics	1,081,031	1,100,000	1,100,000	1,100,000	1,100,000
Realty Transfer	12,841,566	16,700,000	16,700,000	15,500,000	15,500,000
Medicaid Employer	-	-	-	-	15,598,337
<b>Total Taxes</b>	<b>\$ 3,097,875,408</b>	<b>\$ 3,166,700,000</b>	<b>\$ 3,166,573,350</b>	<b>\$ 3,279,700,000</b>	<b>\$ 3,323,819,485</b>
Departmental Receipts	397,579,143	405,000,000	405,000,000	227,000,000	420,668,644
Other Miscellaneous	37,054,016	11,700,000	11,700,000	6,950,000	15,030,000
Lottery	364,974,286	399,600,000	415,898,821	427,100,000	429,869,322
Unclaimed Property	10,901,582	10,100,000	10,100,000	9,500,000	9,500,000
<b>Total General Revenues</b>	<b>\$ 3,908,384,435</b>	<b>\$ 3,993,100,000</b>	<b>\$ 4,009,272,171</b>	<b>\$ 3,950,250,000</b>	<b>\$ 4,198,887,451</b>

## Expenditures from All Funds

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>General Government</b>				
Administration	\$ 284,663,464	\$ 318,517,310	\$ 325,737,122	\$ 323,951,978
Business Regulation	24,509,397	25,145,467	25,627,058	30,770,515
Executive Office of Commerce	56,449,152	58,883,044	67,686,965	68,180,523
Labor and Training	458,214,237	446,278,250	456,481,608	454,282,965
Revenue	584,033,516	602,700,646	654,105,286	623,720,496
Legislature	45,412,322	50,769,941	47,015,839	46,586,115
Lieutenant Governor	1,114,597	1,107,847	1,230,833	1,147,816
Secretary of State	12,300,162	12,253,563	16,616,054	10,701,157
General Treasurer	43,122,580	42,417,814	42,273,929	42,218,385
Board of Elections	5,252,516	4,654,527	8,323,874	2,462,583
Rhode Island Ethics Commission	1,812,237	1,748,039	1,898,170	1,845,298
Governor's Office	5,633,047	6,407,071	6,665,551	6,493,211
Human Rights	1,833,011	1,803,028	1,940,873	1,917,005
Public Utilities Commission	9,934,831	10,623,497	11,808,337	12,212,583
<b>Subtotal - General Government</b>	<b>\$ 1,534,285,069</b>	<b>\$ 1,583,310,044</b>	<b>\$ 1,667,411,499</b>	<b>\$ 1,626,490,630</b>
<b>Human Services</b>				
Health and Human Services	\$ 2,606,962,740	\$ 2,677,833,816	\$ 2,754,653,626	\$ 2,745,096,336
Children, Youth and Families	227,918,654	239,020,038	236,558,752	228,591,189
Health	174,111,689	188,059,767	185,636,598	188,616,584
Human Services	632,830,659	624,925,300	632,834,285	585,698,686
BHDDH	422,451,955	442,121,201	459,185,637	448,470,696
Child Advocate	1,195,963	1,087,060	1,297,198	1,234,057
Deaf and Hard of Hearing	603,178	636,745	690,486	693,338
Commission on Disabilities	1,387,275	1,389,808	1,564,079	1,558,659
Mental Health Advocate	653,260	567,389	731,469	602,411
<b>Subtotal - Human Services</b>	<b>\$ 4,068,115,373</b>	<b>\$ 4,175,641,124</b>	<b>\$ 4,273,152,130</b>	<b>\$ 4,200,561,956</b>
<b>Education</b>				
Elementary and Secondary	\$ 1,444,249,758	\$ 1,451,383,884	\$ 1,504,650,808	\$ 1,488,768,125
Higher Education	1,207,574,517	1,214,691,385	1,245,210,941	1,250,299,534
Arts Council	3,132,046	3,922,316	4,030,281	3,478,248
Atomic Energy	1,496,787	1,374,254	1,551,527	1,495,094
Historical Preservation	2,454,026	2,792,590	3,465,405	2,595,330
<b>Subtotal - Education</b>	<b>\$ 2,658,907,134</b>	<b>\$ 2,674,164,429</b>	<b>\$ 2,758,908,962</b>	<b>\$ 2,746,636,331</b>

## Expenditures from All Funds

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Public Safety</b>				
Attorney General	\$ 41,602,976	\$ 44,403,159	\$ 34,050,884	\$ 33,287,718
Corrections	251,419,419	251,565,521	262,277,477	252,805,290
Judicial	124,433,984	125,531,201	132,907,293	126,730,281
Military Staff	30,292,314	44,294,074	41,460,077	40,129,489
Emergency Management	20,325,241	24,321,268	15,013,839	13,697,589
Public Safety	124,504,718	133,588,625	141,912,372	139,092,198
Public Defender	12,676,516	12,311,977	13,958,327	12,923,936
<b>Subtotal-Public Safety</b>	<b>\$ 605,255,168</b>	<b>\$ 636,015,825</b>	<b>\$ 641,580,269</b>	<b>\$ 618,666,501</b>
<b>Natural Resources</b>				
Environmental Management	\$ 108,689,507	\$ 98,881,402	\$ 103,615,583	\$ 102,890,607
CRMC	6,468,424	8,387,732	6,327,142	5,310,930
<b>Subtotal-Natural Resources</b>	<b>\$ 115,157,931</b>	<b>\$ 107,269,134</b>	<b>\$ 109,942,725</b>	<b>\$ 108,201,537</b>
<b>Transportation</b>				
Transportation	\$ 591,021,131	\$ 632,373,698	\$ 600,062,420	\$ 629,480,461
<b>Subtotal-Transportation</b>	<b>\$ 591,021,131</b>	<b>\$ 632,373,698</b>	<b>\$ 600,062,420</b>	<b>\$ 629,480,461</b>
<b>Total</b>	<b>\$ 9,572,741,806</b>	<b>\$ 9,808,774,254</b>	<b>\$ 10,051,058,005</b>	<b>\$ 9,930,037,416</b>

## Expenditures from General Revenues

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>General Government</b>				
Administration	\$ 177,080,380	\$ 174,283,385	\$ 204,221,921	\$ 199,464,434
Business Regulation	17,430,457	16,864,098	18,050,640	18,508,156
Executive Office of Commerce	30,289,375	30,226,612	38,481,209	35,365,201
Labor and Training	14,464,955	15,848,041	17,625,331	15,813,787
Revenue	178,831,507	178,266,494	228,905,872	193,770,950
Legislature	43,691,627	49,000,993	45,183,825	44,754,101
Lieutenant Governor	1,114,597	1,107,847	1,230,833	1,147,816
Secretary of State	9,875,734	9,800,081	10,148,152	9,233,255
General Treasurer	2,973,776	2,953,922	3,395,039	3,037,551
Board of Elections	5,252,516	4,654,527	2,638,734	2,462,583
Rhode Island Ethics Commission	1,812,237	1,748,039	1,898,170	1,845,298
Governor's Office	5,633,047	6,407,071	6,665,551	6,493,211
Human Rights	1,335,441	1,335,441	1,480,506	1,353,591
Public Utilities Commission	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$ 489,785,649</b>	<b>\$ 492,496,551</b>	<b>\$ 579,925,783</b>	<b>\$ 533,249,934</b>
<b>Human Services</b>				
Health and Human Services	\$ 982,916,072	\$ 989,336,794	\$ 1,022,797,582	\$ 1,033,465,709
Children, Youth and Families	161,614,041	173,630,931	172,794,558	167,263,422
Health	28,963,829	30,094,507	29,799,423	32,240,040
Human Services	97,999,785	107,333,790	107,499,078	74,895,242
BHDDH	188,091,966	194,621,346	199,858,026	195,293,312
Child Advocate	969,922	896,811	1,049,842	986,701
Deaf and Hard of Hearing	523,178	525,902	560,486	563,338
Commission on Disabilities	1,002,537	951,910	1,060,489	1,055,069
Mental Health Advocate	653,260	567,389	731,469	602,411
<b>Subtotal - Human Services</b>	<b>\$ 1,462,734,590</b>	<b>\$ 1,497,959,380</b>	<b>\$ 1,536,150,953</b>	<b>\$ 1,506,365,244</b>
<b>Education</b>				
Elementary and Secondary	\$ 1,188,639,908	\$ 1,187,465,595	\$ 1,248,414,034	\$ 1,235,838,953
Higher Education	230,093,700	233,869,330	250,289,816	244,302,858
Arts Council	2,007,993	1,977,819	2,626,781	2,084,748
Atomic Energy	1,078,908	1,018,455	1,115,527	1,059,094
Historical Preservation	1,210,054	1,381,551	1,569,954	1,488,293
<b>Subtotal - Education</b>	<b>\$ 1,423,030,563</b>	<b>\$ 1,425,712,750</b>	<b>\$ 1,504,016,112</b>	<b>\$ 1,484,773,946</b>

## Expenditures from General Revenues

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Public Safety</b>				
Attorney General	\$ 27,959,192	\$ 27,745,213	\$ 28,650,726	\$ 28,675,203
Corrections	237,063,223	235,649,651	249,081,397	238,105,210
Judicial	101,994,888	102,049,154	110,688,917	106,127,755
Military Staff	3,081,090	3,097,681	3,268,763	3,219,493
Emergency Management	2,043,945	2,283,219	2,555,897	2,439,647
Public Safety	103,337,018	104,032,363	112,666,120	111,196,673
Public Defender	12,575,531	12,236,312	13,882,662	12,848,271
<b>Subtotal-Public Safety</b>	<b>\$ 488,054,887</b>	<b>\$ 487,093,593</b>	<b>\$ 520,794,482</b>	<b>\$ 502,612,252</b>
<b>Natural Resources</b>				
Environmental Management	\$ 41,841,215	\$ 41,032,676	\$ 44,380,640	\$ 45,178,568
CRMC	2,760,157	2,757,303	3,754,407	2,913,195
<b>Subtotal-Natural Resources</b>	<b>\$ 44,601,372</b>	<b>\$ 43,789,979</b>	<b>\$ 48,135,047</b>	<b>\$ 48,091,763</b>
<b>Transportation</b>				
Transportation	\$ -	\$ -	\$ -	\$ -
<b>Subtotal-Transportation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 3,908,207,061</b>	<b>\$ 3,947,052,253</b>	<b>\$ 4,189,022,377</b>	<b>\$ 4,075,093,139</b>

## Expenditures from Federal Grants

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>General Government</b>				
Administration	\$ 3,877,255	\$ 4,669,039	\$ 3,942,873	\$ 4,048,409
Business Regulation	892,631	1,346,487	766,268	765,694
Executive Office of Commerce	14,445,458	16,029,815	17,491,437	17,611,003
Labor and Training	40,753,823	45,437,758	38,564,742	39,989,080
Revenue	2,109,465	1,925,417	1,971,020	545,243
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	1,983,770	1,983,770	1,016,230	1,016,230
General Treasurer	1,074,874	1,016,641	858,974	998,974
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	497,570	467,587	460,367	563,414
Public Utilities Commission	168,378	168,378	178,002	178,002
<b>Subtotal - General Government</b>	<b>\$ 65,803,224</b>	<b>\$ 73,044,892</b>	<b>\$ 65,249,913</b>	<b>\$ 65,716,049</b>
<b>Human Services</b>				
Health and Human Services	\$ 1,605,800,743	\$ 1,664,241,111	\$ 1,705,266,669	\$ 1,685,722,447
Children, Youth and Families	61,730,191	61,241,572	59,961,794	57,515,210
Health	101,214,203	110,670,928	106,556,907	106,001,980
Human Services	521,070,844	502,965,046	506,643,877	494,120,978
BHDDH	226,187,567	240,819,991	248,039,264	245,939,037
Child Advocate	226,041	190,249	247,356	247,356
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	335,167	395,318	458,689	458,689
Mental Health Advocate	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$ 2,516,564,756</b>	<b>\$ 2,580,524,215</b>	<b>\$ 2,627,174,556</b>	<b>\$ 2,590,005,697</b>
<b>Education</b>				
Elementary and Secondary	\$ 214,475,474	\$ 219,524,264	\$ 212,511,158	\$ 213,559,606
Higher Education	7,924,589	8,253,542	8,000,000	14,853,141
Arts Council	719,053	723,497	762,500	762,500
Atomic Energy	-	7,936	-	-
Historical Preservation	696,513	846,018	430,863	557,028
<b>Subtotal - Education</b>	<b>\$ 223,815,629</b>	<b>\$ 229,355,257</b>	<b>\$ 221,704,521</b>	<b>\$ 229,732,275</b>

## Expenditures from Federal Grants

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Public Safety</b>				
Attorney General	\$ 12,710,334	\$ 15,377,486	\$ 4,329,880	\$ 3,552,999
Corrections	1,796,840	2,217,131	1,886,711	1,886,711
Judicial	2,914,044	3,054,397	3,144,740	3,144,740
Military Staff	18,480,072	31,652,184	34,936,314	34,354,996
Emergency Management	16,335,897	20,028,796	9,295,523	9,295,523
Public Safety	15,613,903	23,653,909	20,405,250	19,986,405
Public Defender	100,985	75,665	75,665	75,665
<b>Subtotal-Public Safety</b>	<b>\$ 67,952,075</b>	<b>\$ 96,059,568</b>	<b>\$ 74,074,083</b>	<b>\$ 72,297,039</b>
<b>Natural Resources</b>				
Environmental Management	\$ 31,763,160	\$ 31,738,097	\$ 32,309,537	\$ 32,309,520
CRMC	2,733,267	4,376,554	1,597,735	1,597,735
<b>Subtotal-Natural Resources</b>	<b>\$ 34,496,427</b>	<b>\$ 36,114,651</b>	<b>\$ 33,907,272</b>	<b>\$ 33,907,255</b>
<b>Transportation</b>				
Transportation	\$ 299,540,160	\$ 324,513,786	\$ 314,733,475	\$ 327,008,399
<b>Subtotal-Transportation</b>	<b>\$ 299,540,160</b>	<b>\$ 324,513,786</b>	<b>\$ 314,733,475</b>	<b>\$ 327,008,399</b>
<b>Total</b>	<b>\$ 3,208,172,271</b>	<b>\$ 3,339,612,369</b>	<b>\$ 3,336,843,820</b>	<b>\$ 3,318,666,714</b>

## Expenditures from Restricted Receipts

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>General Government</b>				
Administration	\$ 26,597,691	\$ 35,274,182	\$ 24,268,227	\$ 23,497,835
Business Regulation	6,119,812	6,379,524	6,738,951	11,115,466
Executive Office of Commerce	4,754,319	4,754,319	4,754,319	4,754,319
Labor and Training	38,975,091	30,272,325	30,426,981	32,453,432
Revenue	2,064,187	1,875,472	1,867,583	4,546,960
Legislature	1,720,695	1,768,948	1,832,014	1,832,014
Lieutenant Governor	-	-	-	-
Secretary of State	440,658	469,712	451,672	451,672
General Treasurer	38,419,246	37,807,908	37,356,057	37,518,001
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	9,766,453	10,455,119	11,630,335	12,034,581
<b>Subtotal - General Government</b>	<b>\$ 128,858,152</b>	<b>\$ 129,057,509</b>	<b>\$ 119,326,139</b>	<b>\$ 128,204,280</b>
<b>Human Services</b>				
Health and Human Services	\$ 18,245,925	\$ 24,255,911	\$ 26,589,375	\$ 25,908,180
Children, Youth and Families	2,674,422	2,422,535	1,902,400	1,887,557
Health	43,933,657	47,294,332	49,280,268	49,974,564
Human Services	8,996,552	9,817,009	13,927,852	11,918,988
BHDDH	5,072,422	5,614,502	5,888,347	6,088,347
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	80,000	110,843	130,000	130,000
Commission on Disabilities	49,571	42,580	44,901	44,901
Mental Health Advocate	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$ 79,052,549</b>	<b>\$ 89,557,712</b>	<b>\$ 97,763,143</b>	<b>\$ 95,952,537</b>
<b>Education</b>				
Elementary and Secondary	\$ 35,755,376	\$ 37,784,310	\$ 37,766,616	\$ 37,560,566
Higher Education	2,679,609	3,478,357	2,878,285	3,386,377
Arts Council	5,000	5,000	5,000	5,000
Atomic Energy	99,000	27,000	99,000	99,000
Historical Preservation	465,870	439,802	426,018	421,439
<b>Subtotal - Education</b>	<b>\$ 39,004,855</b>	<b>\$ 41,734,469</b>	<b>\$ 41,174,919</b>	<b>\$ 41,472,382</b>

## Expenditures from Restricted Receipts

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Public Safety</b>				
Attorney General	\$ 783,450	\$ 1,130,460	\$ 920,278	\$ 909,516
Corrections	59,356	64,399	59,369	59,369
Judicial	12,085,986	12,238,243	13,007,786	13,007,786
Military Staff	100,000	55,000	55,000	55,000
Emergency Management	450,985	514,839	468,005	468,005
Public Safety	552,603	1,036,918	892,319	1,742,319
Public Defender	-	-	-	-
<b>Subtotal-Public Safety</b>	<b>\$ 14,032,380</b>	<b>\$ 15,039,859</b>	<b>\$ 15,402,757</b>	<b>\$ 16,241,995</b>
<b>Natural Resources</b>				
Environmental Management	\$ 17,580,291	\$ 15,695,625	\$ 16,110,851	\$ 16,332,964
CRMC	250,000	250,000	250,000	250,000
<b>Subtotal-Natural Resources</b>	<b>\$ 17,830,291</b>	<b>\$ 15,945,625</b>	<b>\$ 16,360,851</b>	<b>\$ 16,582,964</b>
<b>Transportation</b>				
Transportation	\$ 3,034,406	\$ 3,006,725	\$ 3,024,447	\$ 3,007,550
<b>Subtotal-Transportation</b>	<b>\$ 3,034,406</b>	<b>\$ 3,006,725</b>	<b>\$ 3,024,447</b>	<b>\$ 3,007,550</b>
<b>Total</b>	<b>\$ 281,812,633</b>	<b>\$ 294,341,899</b>	<b>\$ 293,052,256</b>	<b>\$ 301,461,708</b>

## Expenditures from Other Funds

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>General Government</b>				
Administration	\$ 77,108,138	\$ 104,290,704	\$ 93,304,101	\$ 96,941,300
Business Regulation	66,497	555,358	71,199	381,199
Executive Office of Commerce	6,960,000	7,872,298	6,960,000	10,450,000
Labor and Training	364,020,368	354,720,126	369,864,554	366,026,666
Revenue	401,028,357	420,633,263	421,360,811	424,857,343
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	5,000,000	-
General Treasurer	654,684	639,343	663,859	663,859
Board of Elections	-	-	5,685,140	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
<b>Subtotal - General Government</b>	<b>\$ 849,838,044</b>	<b>\$ 888,711,092</b>	<b>\$ 902,909,664</b>	<b>\$ 899,320,367</b>
<b>Human Services</b>				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	1,900,000	1,725,000	1,900,000	1,925,000
Health	-	-	-	400,000
Human Services	4,763,478	4,809,455	4,763,478	4,763,478
BHDDH	3,100,000	1,065,362	5,400,000	1,150,000
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	-	-	-	-
Mental Health Advocate	-	-	-	-
<b>Subtotal - Human Services</b>	<b>\$ 9,763,478</b>	<b>\$ 7,599,817</b>	<b>\$ 12,063,478</b>	<b>\$ 8,238,478</b>
<b>Education</b>				
Elementary and Secondary	\$ 5,379,000	\$ 6,609,715	\$ 5,959,000	\$ 1,809,000
Higher Education	966,876,619	969,090,156	984,042,840	987,757,158
Arts Council	400,000	1,216,000	636,000	626,000
Atomic Energy	318,879	320,863	337,000	337,000
Historical Preservation	81,589	125,219	1,038,570	128,570
<b>Subtotal - Education</b>	<b>\$ 973,056,087</b>	<b>\$ 977,361,953</b>	<b>\$ 992,013,410</b>	<b>\$ 990,657,728</b>

## Expenditures from Other Funds

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Public Safety</b>				
Attorney General	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Corrections	12,500,000	13,634,340	11,250,000	12,754,000
Judicial	7,439,066	8,189,407	6,065,850	4,450,000
Military Staff	8,631,152	9,489,209	3,200,000	2,500,000
Emergency Management	1,494,414	1,494,414	2,694,414	1,494,414
Public Safety	5,001,194	4,865,435	7,948,683	6,166,801
Public Defender	-	-	-	-
<b>Subtotal-Public Safety</b>	<b>\$ 35,215,826</b>	<b>\$ 37,822,805</b>	<b>\$ 31,308,947</b>	<b>\$ 27,515,215</b>
<b>Natural Resources</b>				
Environmental Management	\$ 17,504,841	\$ 10,415,004	\$ 10,814,555	\$ 9,069,555
CRMC	725,000	1,003,875	725,000	550,000
<b>Subtotal-Natural Resources</b>	<b>\$ 18,229,841</b>	<b>\$ 11,418,879</b>	<b>\$ 11,539,555</b>	<b>\$ 9,619,555</b>
<b>Transportation</b>				
Transportation	\$ 288,446,565	\$ 304,853,187	\$ 282,304,498	\$ 299,464,512
<b>Subtotal-Transportation</b>	<b>\$ 288,446,565</b>	<b>\$ 304,853,187</b>	<b>\$ 282,304,498</b>	<b>\$ 299,464,512</b>
<b>Total</b>	<b>\$ 2,174,549,841</b>	<b>\$ 2,227,767,733</b>	<b>\$ 2,232,139,552</b>	<b>\$ 2,234,815,855</b>

## Full-Time Equivalent Positions

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>General Government</b>				
Administration	655.7	657.7	655.7	670.1
Business Regulation	161.0	162.0	162.0	187.0
Executive Office of Commerce	16.0	16.0	17.0	18.0
Labor and Training	409.7	409.7	409.7	451.7
Revenue	604.5	604.5	613.5	587.5
Legislature	298.5	298.5	298.5	298.5
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0
General Treasurer	89.0	89.0	89.0	89.0
Board of Elections	13.0	13.0	14.0	13.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	45.0	45.0	45.0	45.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	53.0	53.0	63.0	60.0
<b>Subtotal - General Government</b>	<b>2,438.9</b>	<b>2,441.9</b>	<b>2,460.9</b>	<b>2,513.3</b>
<b>Human Services</b>				
Health and Human Services	192.0	195.0	192.0	479.1
Children, Youth and Families	631.5	629.5	631.0	629.5
Health	514.6	517.6	514.4	520.6
Human Services	1,020.1	1,030.1	1,018.1	755.0
BHDDH	1,302.4	1,304.4	1,304.4	1,305.4
Child Advocate	10.0	10.0	10.0	10.0
Deaf and Hard of Hearing	4.0	4.0	4.0	4.0
Commission on Disabilities	4.0	4.0	4.0	4.0
Mental Health Advocate	4.0	4.0	5.0	4.0
<b>Subtotal - Human Services</b>	<b>3,682.6</b>	<b>3,698.6</b>	<b>3,682.9</b>	<b>3,711.6</b>
<b>Education</b>				
Elementary and Secondary	321.1	323.1	327.1	328.1
Higher Education	4,394.3	4,394.3	4,404.3	4,396.3
Arts Council	8.6	8.6	8.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Historical Preservation	15.6	15.6	15.6	15.6
<b>Subtotal - Education</b>	<b>4,748.2</b>	<b>4,750.2</b>	<b>4,764.20</b>	<b>4,757.2</b>

## Full-Time Equivalent Positions

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<b>Public Safety</b>				
Attorney General	237.1	237.1	237.1	239.1
Corrections	1,416.0	1,416.0	1,416.0	1,426.0
Judicial	723.3	723.3	723.3	723.3
Military Staff	92.0	92.0	98.0	98.0
Emergency Management	32.0	32.0	32.0	32.0
Public Safety	564.6	564.6	606.6	595.6
Public Defender	95.0	95.0	104.0	96.0
<b>Subtotal-Public Safety</b>	<b>3,160.0</b>	<b>3,160.0</b>	<b>3,217.00</b>	<b>3,210.0</b>
<b>Natural Resources</b>				
Environmental Management	395.0	395.0	403.0	406.0
CRMC	30.0	30.0	35.0	30.0
<b>Subtotal-Natural Resources</b>	<b>425.0</b>	<b>425.0</b>	<b>438.0</b>	<b>436.0</b>
<b>Transportation</b>				
Transportation	755.0	755.0	755.6	785.0
<b>Subtotal-Transportation</b>	<b>755.0</b>	<b>755.0</b>	<b>755.6</b>	<b>785.0</b>
<b>Total Positions</b>	<b>15,209.7</b>	<b>15,230.7</b>	<b>15,318.6</b>	<b>15,413.1</b>



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