
Section III

Agency Analyses

Department of Administration

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 2,735,330	\$ 2,765,824	\$ 3,060,904	\$ 2,669,232
Accounts & Control	5,570,382	5,004,527	5,864,477	5,562,009
Office of Management & Budget	10,534,560	9,677,671	9,909,964	9,841,526
Purchasing	3,892,555	4,411,606	4,050,290	4,406,689
Human Resources	1,274,257	789,026	804,177	788,541
Personnel Appeal Board	149,477	149,736	151,962	151,521
General	45,444,600	73,299,565	58,855,986	66,193,874
Debt Service	182,679,939	165,683,399	208,715,739	201,980,951
Legal Services	2,424,062	2,241,985	2,298,046	2,505,412
Information Technology	11,901,569	18,437,122	8,496,347	8,383,510
Library Programs	2,661,294	2,526,473	2,635,790	2,614,826
Planning	5,839,360	5,693,200	5,866,503	5,659,583
Energy Resources	8,704,012	9,385,996	8,590,920	8,604,102
Statewide Savings	(20,084,559)	(3,200,000)	(16,131,495)	(16,857,000)
Health Benefits Exchange	8,921,345	10,600,526	10,764,360	10,203,397
Diversity, Equity & Opportunity	1,393,580	1,323,829	1,474,754	1,426,500
Capital Asset Mgmt. & Maintenance	10,621,701	9,726,825	10,328,398	9,817,305
Total	\$ 284,663,464	\$ 318,517,310	\$ 325,737,122	\$ 323,951,978
Expenditures by Category				
Salaries and Benefits	\$ 32,133,978	\$ 29,823,833	\$ 33,516,900	\$ 30,258,886
Contracted Services	8,423,767	11,232,405	9,254,959	8,584,246
Subtotal	\$ 40,557,745	\$ 41,056,238	\$ 42,771,859	\$ 38,843,132
Other State Operations	7,663,078	22,458,287	8,038,308	9,872,991
Aid to Local Units of Government	11,538,543	11,538,543	11,299,302	11,299,302
Assistance, Grants, and Benefits	2,823,105	2,837,433	2,684,200	2,680,000
Capital	39,501,054	75,043,410	52,327,714	59,375,602
Capital Debt Service	182,579,939	165,583,399	208,615,739	201,880,951
Operating Transfers	-	-	-	-
Total	\$ 284,663,464	\$ 318,517,310	\$ 325,737,122	\$ 323,951,978
Sources of Funds				
General Revenue	\$ 177,080,380	\$ 174,283,385	\$ 204,221,921	\$ 199,464,434
Federal Aid	3,877,255	4,669,039	3,942,873	4,048,409
Restricted Receipts	26,597,691	35,274,182	24,268,227	23,497,835
Other	77,108,138	104,290,704	93,304,101	96,941,300
Total	\$ 284,663,464	\$ 318,517,310	\$ 325,737,122	\$ 323,951,978
FTE Authorization	655.7	657.7	655.7	670.1

Summary. The Department of Administration requests FY 2020 expenditures of \$325.7 million from all sources, including \$204.2 million from general revenues. The request is \$41.1 million more than enacted,

including \$27.1 million from general revenues, of which \$26.0 million is for debt service. It also includes \$0.1 million more from federal funds, \$2.3 million less from restricted receipts and \$16.2 million from other funds, of which \$16.0 million is from Rhode Island Capital Plan funds. This includes \$9.6 million for the Shepard Building renovations project.

Consistent with the enacted budget, the request includes the authorized level of 655.7 full-time equivalent positions. This includes several intradepartmental changes that appear to align currently filled positions by division. There is still an unallocated reduction of 44.4 full-time equivalent positions. As of the last pay period in November 2018, the Department has 31.6 full-time equivalent positions vacant.

The Governor recommends expenditures of \$324.0 million from all sources, \$39.3 million more than enacted. General revenue expenditures are \$4.8 million less than requested, of which \$3.0 million is from debt service. She proposes legislation to transfer the Water Resources Board to the Public Utilities Commission. The recommendation also reflects the transfer of funding for several capital projects previously under the purview of other state agencies to the Department of Administration.

She recommends staffing of 670.1 full-time equivalent positions, 14.4 more than the authorized level. This includes 20.0 new positions, 18.0 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 3.0 for 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 inadvertently reduced staffing by 0.6 positions.

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. For the Department of Administration, this change is \$12.5 million less for FY 2020. Several of these projects are also included as part of the multi-year appropriation section of Article 1.

Target Issues. The Budget Office provided the Department with a general revenue target of \$204.9 million. The amount includes current service adjustments of \$29.0 million, including \$26.0 million for debt service, the restoration of one-time savings of \$4.6 million and a 5.0 percent target reduction of \$1.2 million, adjusted for certain exclusions. The request is \$0.7 million less than the target, reflective of additional savings assumed from the Workers' Compensation privatization initiative and shifting general revenue expenditures for centralization services to other sources. *The recommendation is \$5.4 million less than the target level, primarily from debt service savings.*

FY 2020 Budget	Budget Office	Department of Administration	Difference
FY 2019 Enacted	\$ 177,080,380	\$ 177,080,380	\$ -
Current Service Adjustments	29,007,083	28,095,964	(911,119)
New Initiatives	-	(954,423)	(954,423)
Change to FY 2019 Enacted	\$ 29,007,083	\$ 27,141,541	\$ (1,865,542)
FY 2020 Current Service/Unconstrained Request	\$ 206,087,463	\$ 204,221,921	\$ (1,865,542)
Target Reduction/Initiatives	(1,207,421)	-	1,207,421
FY 2020 Constrained Target/Request	\$ 204,880,042	\$ 204,221,921	\$ (658,121)
<i>Change to FY 2019 Enacted</i>	\$ 27,799,662	\$ 27,141,541	\$ (658,121)

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and

human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The Department requests \$13.6 million, or \$0.2 million less than enacted from all sources for its share of centralized services. Consistent with the revised request, the FY 2020 request shifts \$0.9 million of general revenue expenses to other sources; these expenditures will essentially be paid by other state agencies through rate increases for services. Expenditures from restricted receipts are \$831,667 more than enacted, primarily from the Information Technology Investment Fund.

The Governor recommends \$0.2 million less from all sources than requested, including \$0.2 million less from general revenues for facilities management based on billings through December. Expenditures for information technology support are \$22,793 more than requested based on billings through November. This includes \$120,153 less from general revenues offset by \$142,946 from restricted vendor assessment receipts to fund a programmer analyst manager position. Detailed information of each fund is provided at the end of this analysis.

Statewide Savings

Workers' Compensation Privatization. The request assumes general revenue savings of \$2.6 million from a full year's implementation of privatizing the administration of the Workers' Compensation program, which would improve claims adjudication and management, improve return-to-work opportunities for injured employees and use best practices and improved technologies to create an effective and efficient program. The request assumes \$1.1 million more in savings, including \$0.7 million shifted from FY 2019, reflective of a six-month delay.

On October 26, 2018, the Administration signed a contract with Beacon Mutual Insurance to be the third-party administrator. The agreement is effective through October 31, 2021 and has 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. *The budget reflects the distribution of the savings, which are now included in agency budgets.*

Fraud and Waste Detection. The request assumes the enacted level of general revenue savings of \$9.6 million from fraud and waste detection that will combine data across agencies including the Department of Labor and Training, Department of Revenue and health and human services agencies to detect fraud and waste. The Department indicates that the Office of Internal Audits is working on various opportunities to determine fraud usage within several programs, including Medicaid and food assistance.

The request includes \$0.3 million in the Office of Internal Audit, or \$250,000 less than enacted for software maintenance costs. *The recommendation reflects the restoration of \$5.4 million of the budgeted savings. This assumes that recoveries will somehow be credited against expenses and that some of the savings was deemed to be achieved through cost avoidance as part of the Medicaid caseload projections. Staff has requested information to support this assertion; that has not been provided. The Department indicates that further analyses will be conducted to determine where to assign the remaining \$4.2 million of savings.*

Expand Prompt Payment. The request assumes the enacted amount of \$350,000 in expenditure credits by extending the prompt payments program to all vendors. The Department indicates that vendor registration has started and it will have a more accurate estimate of how much will be achieved once that process is complete. Rhode Island General Law, Section 42-11.1-1 requires all bills to be paid within 30 working days of receipt of an invoice or other contractual dates for periodic payments. In 2016, the Department established a prompt payment discount pilot program, whereby master price agreement vendors voluntarily

offer the state a discount if they receive their payments within the agreed upon date. *The budget reflects the distribution of the savings, which are now included in agency budgets. Savings were allocated based on vendor participation through December.*

Insurance Savings - Restored. Consistent with the revised request, the FY 2020 request reflects the restoration of \$0.5 million or half of the general revenue savings included in the enacted budget from reducing over-insurance for property, liability, and casualty. The Department indicates that based on a further review, all of the savings would not be achieved, partly as a result of higher premiums for property insurance following the 2017 hurricane season. It also indicates that some of the savings might have been overstated by including expenses already part of the Workers' Compensation privatization initiative. 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. *The budget reflects the distribution of the savings, which are now included in agency budgets. Savings were allocated to all agencies based on budgeted insurance amounts.*

Strategic Contract Sourcing. The request assumes the enacted general revenue savings of \$3.0 million from the Administration's initiative to conduct an analysis of previous contracts to identify opportunities that would enhance the state's buying power and reduce costs associated with procured goods and services. Funding was not previously requested or recommended for implementation. The Department hired a consultant to help identify the savings. The total contract cost is \$0.8 million; \$0.3 million was spent in FY 2018 for which funding was not appropriated and the FY 2019 revised request includes the remaining \$0.5 million.

The budget reflects the distribution of the savings, which are now included in agency budgets. 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.

Efficiency Savings. Consistent with the current service estimate, the request restores \$3.7 million of general revenue savings included in the FY 2019 enacted budget to be achieved through efficiencies. The Department has previously indicated that these savings will not be achieved, though the savings remain in the Department's FY 2019 revised request. *The revised recommendation distributes these savings; the FY 2020 recommendation does not. The budget also assumes statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that was established by Executive Order on February 21, which will be led by the Office of Management and Budget. The FY 2020 recommended budget also includes statewide overtime savings of \$1.0 million from general revenues. A plan as to how this will be achieved has not been provided. The savings are included in the Department's budget for later distribution.*

Statewide Salaries and Benefits. Consistent with the current service estimate, the request restores \$0.9 million of general revenue savings included in the FY 2019 enacted budget from statewide salaries and benefits. This is residual savings as part of the Governor's initiative to achieve \$25.0 million of savings, which were included in the Department of Administration's budget for later distribution. The Department indicates that statewide, the savings will be achieved; however, no actual plan was provided. *The Governor concurs.*

Injured on Duty. Under current law, certain public safety personnel may be granted Injured on Duty status. The eligible personnel include police officers, firefighters, and fire marshals at both the state and municipal level. This benefit is unique to these specific law enforcement personnel and permits employees injured while performing the duties of their job, or while providing emergency assistance when off-duty, to remain active employees receiving salaries and benefits commensurate with their positions while they are unable to work. Income payments received by Injured on Duty individuals are exempt from taxation.

The Governor proposes legislation in Article 3 of 2019-H 5151 to include 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. The savings are included in the Department's budget for later distribution.

Local Aid

Library Aid. The Department requests the enacted amount of \$9.4 million to level fund state support of public libraries. The request is \$1.3 million or 13.5 percent less than allowed under current law. It funds library aid at 21.6 percent of the second prior fiscal year's local expenditures for library services. The statute authorizes a 25.0 percent reimbursement subject to appropriation.

The chief library officer annually determines each municipality's compliance with the maintenance of effort by comparing appropriation and expenditure amounts as reported by the libraries or the municipalities. In the event that a municipality has failed to meet the maintenance of effort requirement, the chief library officer will notify the municipality that it is not eligible for a state grant in aid. A municipality that is deemed ineligible may request a waiver from the requirement by submitting a letter to the chief library officer. Of the \$9.4 million for library aid, \$0.7 million is for the Reference Resource Center at the Providence Public Library. The reference resource grant to the Providence Public Library enables the library to develop its reference collection, extend its hours, and provide statewide reference research for all Rhode Island libraries and residents. *The Governor recommends funding as requested.*

Library Construction Aid. The Department requests \$1.9 million from general revenues for library construction aid. This is \$0.2 million less than enacted and is consistent with the current service estimate provided by the Budget Office to reflect funding requirements for FY 2020 based on updated cost information, interest rates, and construction schedules for approved projects. The state reimburses libraries up to half the total cost 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.

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects that ended July 1, 2014. The Office of Library and Information Services indicates that the Providence Public Library submitted an application for a substantial project that will impact funding in FY 2021 or FY 2022. The office also anticipates receiving a letter of intent from the Town of Narragansett. *The Governor recommends funding as requested.*

Teachers' Retire Health Subsidy. The state makes an annual appropriation of \$2.3 million from general revenues for the cost of allowing teachers who retired on or before September 30, 2008 to purchase their health insurance at the active employee rate, which is lower than the retiree rate. An actuarial valuation conducted in 2017 projected that the unfunded liability would be zero if the state were to make appropriations through FY 2019. This means a state appropriation would not be needed for FY 2020; however, if investment returns are not consistent with assumptions, a state appropriation may be required.

The request excludes the state appropriation, consistent with the current service estimate. *The Governor concurs.*

Office of Energy Resources

Staffing and Operations. The request includes \$8.5 million from all sources, \$0.1 million less than enacted for staffing and operations of the Office of Energy Resources. The request includes \$1.6 million for staffing of 12.0 full-time equivalent positions. This is \$89,123 more than enacted, to reflect benefit rates consistent with FY 2020 planning values and \$27,190 for interns. As of the last pay period in November 2018, the office has one position vacant. Consistent with the enacted budget, the request includes \$6.5 million from Regional Greenhouse Gas Initiative funds for energy conservation projects.

The request includes \$0.5 million for all other expenses, all but \$27,542 is from restricted receipts. This is \$0.2 million less than enacted, including \$138,905 less from federal funds to reflect the expiration of two federal awards from the U.S. Department of Energy. *The Governor recommends funding as requested. It appears that statewide benefit savings from non-general sources were not taken.*

HealthSource RI

Health Reform Assessment Receipts. The 2015 Assembly adopted legislation authorizing the Department of Administration to charge a health reform assessment to support the operations of HealthSource RI. The legislation limits the revenues from the assessment to the amount that would be raised through the federally facilitated marketplace, which is currently 3.5 percent. This percent is then assessed on the total market premiums sold on the state-based exchange. For FY 2020, HealthSource RI is projecting enrollments of 31,117 in the individual/family group and 5,528 in the small business group. Enrollments as of November 2018 were: 31,472 in the individual/family group, and 5,412 in the small business group.

The FY 2020 request assumes receipts of \$6.9 million, or \$0.5 million more than enacted, based on enrollment. The FY 2019 enacted budget was based on 29,850 in the individual/family group and 5,912 in the small business group. *The Governor concurs.*

Salaries and Benefits. The request includes \$2.5 million from health reform assessment receipts for salary and benefit costs of 16.0 full-time equivalent positions for HealthSource RI. This is \$0.6 million more than enacted, including \$0.1 million less from federal funds for a position previously supported by the State Innovation Models Grant and an increase of \$0.8 million from restricted receipts. The request includes \$0.5 million to fund three vacant positions: one legal counsel, which has been vacant for one year, a chief of strategic planning and monitoring evaluation, which has been vacant for seven months and a chief of public affairs, which became vacant in November 2018. The request is consistent with the revised request. It also includes \$0.1 million for benefit rates, consistent with FY 2020 planning values. *The Governor recommends funding and staffing as requested. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Contact Center. The FY 2020 request includes \$1.4 million from health reform assessment funds for the office's share of the contact center cost. This is \$58,470 less than enacted and is \$134,506 more than the revised request. The previous contract with Automated Health Systems Inc. for operations of the contact center expired on August 31, 2018. The contract was extended by an additional year and the total cost is \$12.4 million, which reflects a reduction of \$2.4 million from the prior contract.

The request also shifts the expenditures from general revenues to health reform assessment receipts. The office indicates that this was done for administrative ease in order to track expenditures of the Unified Health Infrastructure Project. Most of the cost appears in the budget of the Executive Office of Health and

Human Services. *The Governor assumes an additional \$0.2 million in savings based on anticipated renegotiation of the contract, which will expire on August 31, 2019.*

UHIP Recovery Expenses. The enacted budget assumes receipts of \$7.0 million in the Department of Human Services from Deloitte related to the development of the Unified Health Infrastructure Project, which is still not fully functional. The receipts are intended to offset general revenue expenses. The FY 2020 budgets for the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI assume a total of \$20.1 million, \$13.2 million more than enacted, including \$1.5 million for HealthSource RI. No funds have been received and as of December 1, 2018, negotiations are still ongoing. If these funds are not received, it appears that general revenues would be required. *The Governor recommends funding as requested.*

Market Stability and Reinsurance. In July 2018, HealthSource RI issued a request for proposals to procure actuarial analysis for the state's 1332 Waiver application. The initial contract period will begin October 1, 2018 for two years and the contract may be renewed for up to three additional 12-month periods based on vendor performance and the availability of funds. The office indicates Wakely was selected to provide services. The office's requests assumes use of \$0.2 million, including \$55,500 from general revenues for FY 2020 for actuarial services to support the application to the Centers for Medicare and Medicaid Services for a Reinsurance Waiver to the Affordable Care Act. The Reinsurance Program is envisioned to provide stability in the individual insurance market.

The Governor concurs and recommends \$0.4 million from general revenues for implementation of the Market Stability and Reinsurance initiative. She includes legislation in Article 14 of 2019-H 5151 to impose 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. The legislation mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's health benefits exchange currently \$2,388 for an individual and \$9,522 for a family of four. 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. No funds from this penalty are expected to be available for use until FY 2021.

Other Expenses. The request includes \$5.1 million from all sources for operations, \$0.4 million less than enacted. Consistent with the revised request, the FY 2020 request shifts \$1.5 million of expenditures previously funded with restricted receipts to general revenues. The office indicates that shifting the expenditures between sources was done in order to easily identify its non-Unified Health Infrastructure Project costs, such as rent and outreach services.

The request includes \$1.2 million for customer services for small employers, \$1.0 million each for data analysis, information technology support relating to the Unified Health Infrastructure Project, and marketing and outreach. Remaining expenditures of \$0.9 million is for rent, auditing services and printing. *The Governor recommends \$0.7 million less than requested, including \$8,000 from general revenues from two separate statewide savings initiatives designed to reduce operating costs. She also includes \$728,656 less from restricted receipts based on anticipated negotiation of contracts. This equates to a reduction of approximately 25 percent. It appears that several contracts will expire in FY 2019 and FY 2020*

Debt

Convention Center Authority. The request includes \$21.2 million from general revenues for debt service for the Convention Center Authority. This is \$2.5 million more than enacted and \$0.5 million more than the current service estimate. The request does not appear to have included savings from completed energy efficiency projects. Under the terms of the lease agreement between the state and the Authority, the

minimum rentals payable to the state in any fiscal year are equal to the gross debt service costs in that year; the state is responsible for covering any operating shortfalls and recoups any operating profits. The FY 2018 and the FY 2019 budgets reflect debt service savings of \$2.0 million from a refunding that occurred in January 2018. *The Governor recommends funding as requested.*

Garrahy Parking Garage. The request includes \$3.1 million from general revenues for debt service for the Garrahy Parking Garage. The 2014 Assembly authorized the Convention Center Authority to issue up to \$45.0 million for the construction of the garage and the 2016 Assembly amended the authorization to allow the borrowing to occur if the Authority has three purchase and sale agreements or Wexford Science and Technology agrees to lease no less than 400 parking spaces. The bonds were issued in March 2018.

The request is \$1.5 million more than enacted, reflecting the total annual debt service cost. The project is currently under construction and the Authority anticipates an opening date in December 2019. Revenues lower the state’s debt service obligation in FY 2020 and beyond. Based on projected revenues and expenditures, it appears that a total of \$1.7 million for debt service would be needed for FY 2020. *The Governor recommends funding as requested.*

38 Studios. Consistent with the current service estimate, the Department requests \$2.9 million to reflect the debt service due relating to 38 Studios. Total debt service for FY 2020 is \$12.3 million, \$9.4 million will be paid with settlement funds that the Commerce Corporation received. The final \$12.3 million payment is due in FY 2021 and is expected to come from general revenues. Legislation contained in Chapter 29 of 2010 Public Laws authorized the Economic Development Corporation to establish a Job Creation Guaranty Program and allowed guaranteed loans in an amount not to exceed \$125.0 million. In 2010, the Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program; the company later defaulted on the loan. The 2013 Assembly repealed this program.

Fiscal Year	Total Debt Service	Offset	Net Debt Service
2014	\$ 2,431,006	\$ -	\$ 2,431,006
2015	12,511,463	(3,876,463)	8,635,000
2016	12,499,113	-	12,499,113
2017	12,449,288	(12,449,288)	-
2018	12,378,881	(12,378,881)	-
2019	12,352,638	(12,352,638)	-
2020	12,322,300	(10,794,332)	1,527,968
2021	12,288,413	-	12,288,413
Total	\$ 89,233,102	\$ (51,851,602)	\$ 37,381,500

The Governor recommends \$1.5 million from general revenues, \$1.4 million less than requested based on available settlement funds and interest earnings.

Historic Structures Tax Credit. The Department requests \$19.8 million from general revenues to fund debt service costs for debt issued to pay for historic tax credits. This is \$6.9 million more than enacted and is consistent with the current service estimate for the amount needed to cover expected credits. The debt comes from the 2008 Assembly’s legislation, which significantly modified the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. *The Governor recommends funding as requested.*

I-195 Land Acquisition Debt Service. The Department requests \$4.4 million from general revenues for debt service costs of the I-195 land acquisition project. This is \$1.9 million more than enacted, based on

the estimated requirement for FY 2020; this amount does not assume any proceeds from land sales to cover the debt. FY 2019 is the first year a principal payment is due and estimated costs of \$4.4 million assumes \$1.9 million will be made available from land sale proceeds. The I-195 Redevelopment Commission has entered into three purchase and sale agreements on some properties. The Commission sold one of the parcels of land for \$0.8 million in August 2018. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs.

The legislation assumed \$42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 by the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process led by the I-195 Redevelopment Commission on the disposition of the land to occur while the project is completed. The principal amount for the bonds was \$38.4 million, amortized over a ten-year period. *The Governor recommends \$1.3 million less than requested based on a lower interest rate than previously assumed.*

General Obligation Bond Debt. The request includes \$121.6 million from all sources for general obligation bond debt service. This is \$9.1 million more than enacted; however, the Budget Office notes that this includes \$7.0 million of debt that should be reflected in the University of Rhode Island's budget.

The Governor recommends \$5.2 million less than requested from all sources, including \$1.5 million from general revenues. She also includes lower debt service costs in Public Higher Education's budget, for total general revenue savings of \$3.2 million. The recommendation assumes the issuance of \$187.2 million of general obligation bonds in the spring of 2019 and includes \$15.0 million for the new issuance.

Other Debt. Consistent with the current service estimate, the Department requests \$35.8 million from all sources for all other debt service expenses. The request includes the enacted amount of \$7.0 million for performance-based debt service, of which \$3.4 million is for required payments under the Fidelity Job Rent Credits agreement. Under the incentive-based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. Debt issued through Certificates of Participation for technology and energy conservation related projects are \$28.7 million and \$1.3 million more than enacted.

The Governor recommends \$1.2 million more from general revenues than requested, including \$1.1 million for the proposed High Security Center Renovations project; authorization for the debt issuance is included in Article 6 of 2019-H 5151. The recommendation also includes \$0.3 million less for conservation projects, \$0.5 million less for the Fidelity Job Rent Credits agreement, consistent with the revised recommendation, and adds \$0.8 million for the Hospital Reorganization project to reflect annual debt service.

Purchasing

E-Procurement - Unachieved Savings. The 2017 Assembly concurred with the Governor's proposal authorizing the chief purchasing officer to establish, charge, and collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. The funds would be deposited as restricted receipts and would be used for the implementation of an electronic procurement system. The assessment was estimated to generate \$600,000. The budget assumed \$60,000 from the 10.0 percent indirect surcharge and expenditures of \$540,000 for system development costs. The Governor subsequently decided not to charge vendors the administrative fee; system development costs, will be paid from the Information Technology Investment Fund.

The FY 2018 revised as well as the FY 2019 recommended budgets also assumed general revenue savings of \$350,000 from the implementation of an electronic procurement system. The 2018 Assembly concurred with the Department's projection and restored \$250,000 of the FY 2018 savings. However, no amendment

was requested to suggest that the savings in FY 2019 would not be achieved. The FY 2019 revised and the FY 2020 requests restore the general revenue savings and assumes no expenditures from the assessment.

The Governor recommends the implementation of the assessment, effective January 1, 2020. The budget restores the savings; however, it shifts the expense for an existing interdepartmental project manager position from general revenues to assessment receipts. The recommendation also includes \$142,946 to fund a new programmer analyst manager position through rate billings in the Division of Information Technology to oversee the implementation of the system.

Staffing and Operations (1.0 New FTE). The Department requests \$3.5 million from all sources, including \$3.0 million from general revenues for the Division of Purchasing, \$0.3 million more than enacted. It includes \$3.7 million to fund salary and benefit costs for 34.0 full-time equivalent positions. This is \$0.4 million and 1.0 position more than enacted. Consistent with the revised request, the request includes \$0.1 million from general revenues to fund one new senior buyer position, which the Department indicates will improve customer services for agencies. The position has been filled. The request is \$0.2 million more than the current service estimate, reflective of funding for the new position and personnel upgrades for two positions. Consistent with the enacted budget, the request assumes \$0.1 million from turnover savings. As of the last pay period in November 2018, the Division has three vacancies.

The request includes \$70,675 for operating expenses, which is \$20,000 less than enacted and consistent with the revised request. *The Governor recommends \$34,791 less from general revenues than requested, including \$28,000 from statewide benefit savings and \$6,791 from three separate statewide savings initiatives designed to reduce operating costs.*

Office of Management and Budget

Office of Internal Audit. The request includes \$4.6 million from all sources, including \$2.9 million from general revenues for staffing and operations of the Office of Internal Audit, which was consolidated as part of the FY 2017 enacted budget in order to increase efficiency and decrease fraud and waste. Various positions were transferred from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner, and the University of Rhode Island to effectuate this.

The request includes \$4.1 million for salaries and benefits of 33.0 full-time equivalent positions. This is \$0.1 million more than enacted and is \$0.1 million less than the current service estimates, reflective of medical benefit savings. The request does not assume any turnover savings, for which the enacted budget assumed \$122,133. As of November 30, 2018, the Office has eight vacancies; four each in Performance Auditing, which assumed prior functions of the Bureau of Audit and Continuous Auditing, which audits and reviews Department of Transportation vendor overhead rates for compliance with Federal Highway Association rules and regulations. The revised request assumes filling six positions in January 2019.

The request includes \$454,262 for operating expenses, including the enacted amount of \$300,000 from restricted receipts for auditing of quasi-public corporations, which current law allows the Chief of the Bureau of Audits to charge a reasonable cost. The request is \$34,206 more than enacted, including \$30,265 for the Office's software maintenance agreement. It also includes minor adjustments for postage, telephone and printing expenses. *The Governor recommends \$28,809 less from general revenues than requested, including \$20,387 from statewide benefit savings and \$8,422 from two separate statewide savings initiatives designed to reduce operating costs. She concurs with the remainder of the request.*

Data Analytics - DCYF. The FY 2020 request excludes the FY 2019 enacted amount of \$300,000 from general revenues to fund a data analytics pilot to support the mission of the Department of Children, Youth and Families as stated in Article 1 of 2018-H 7200, Substitute A, as amended. The Department of

Administration indicates that it is reviewing options for the best method to implement this pilot. *The Governor concurs.*

Office of Regulatory Reform. The Department requests \$1.0 million from general revenues, \$0.1 million more than enacted for operations of the Office of Regulatory Reform. The request includes \$1.0 million for salary and benefit costs of 7.0 full-time equivalent positions. The enacted budget includes \$170,704 from general revenues for the Office to obtain contracted legal services for the review of state regulations. The FY 2020 request as well as prior requests converted the funding from contracted services to salaries and benefits, which are not time-limited. The 2017 and 2018 Assembly did not concur with the use of the funds for salaries and benefits; it was envisioned that this would to be a two-year project, and the expenditures would go away.

The request assumes that the cost of the ombudsman position is allocated to the Executive Office of Commerce. Pursuant to the memorandum of understanding, the Executive Office of Commerce agreed to pay the cost for the position for two years and will expire on September 30, 2019. At a minimum, the request should have included funding for the ombudsman for three quarters of FY 2020. The Administration is reviewing the possibility of extending the memorandum of understanding.

The request includes \$12,047 from general revenues for operating expenses. This includes \$7,250 more than enacted for computer supplies. *The Governor proposes legislation in Article 3 of 2019-H 5151 transferring the ombudsman position to the Department of Business Regulation and reduces staffing authorization in the Department of Administration accordingly. She recommends \$5,906 less from general revenues than requested, including \$5,658 from statewide benefit savings and \$248 from two separate statewide savings initiatives designed to reduce operating costs. She concurs with the remainder of the request.*

Federal Grants Management System. Consistent with the revised request, the FY 2020 request excludes the enacted amount of \$68,156 from general revenues, provided for the Department's share of the cost to develop a federal grants management system. The Department indicates that the contract with the vendor was cancelled; it appears that the vendor had issues meeting some of the deliverables. *The Governor recommends funding as requested.*

Office of Grants Management. The FY 2020 request reflects moving the Office of Grants Management from the Office of Management and Budget to the Office of Accounts and Control. The Department indicates that this is requested to improve the efficiency of operations, internal controls, and oversight of federal fund expenditures. The 2012 Assembly adopted legislation creating the Office of Management and Budget, which is tasked with managing budgetary functions, performance management, and federal grants management. It appears that statutory changes will be needed.

The request includes \$0.3 million from general revenues to support the Office. This is \$11,137 more than enacted, primarily for computer supplies. The request includes \$0.2 million for salary and benefit expenses, \$0.1 million less than enacted, which reflects a shift of a like amount to contracted financial services of federal grants management. *The Governor concurs and proposes legislation in Article 4 of 2019-H 5151 to allow the transfer of functions. She recommends \$956 less from general revenues than requested, \$725 from statewide benefit savings and \$231 from a statewide savings initiative designed to reduce operating costs.*

Other Expenses. The Department requests \$3.8 million from general revenues, \$0.1 million more than enacted for all other expenditures for the Budget Office, Performance Management and the Office of the Director of Management and Budget. The request includes \$3.5 million for salary and benefit costs of 25.0 full-time equivalent positions. This is \$0.1 million more than enacted; however, it is \$0.1 million less than

the current service level, reflective of turnover savings. As of the last pay period in November 2018, these offices had 4.0 full-time equivalent positions vacant.

The request includes \$0.3 million or \$19,563 more than enacted for operating expenses. Consistent with the revised request, it adds \$12,536 for economic services relating to the Revenue Estimating Conference. *The Governor concurs, with the exception of providing \$35,184 less from general revenues than requested, \$19,083 from statewide benefit savings and \$16,101 from two separate statewide savings initiatives designed to reduce operating costs.*

Statewide Planning

Water Resources Board. The request includes \$0.4 million from general revenues for operations of the Water Resources Board. This is \$138,183 less than enacted, which reflects turnover savings by maintaining the general manager position vacant for the entire fiscal year; the position has been vacant for several years. Consistent with the revised request, the request includes \$12,750 to obtain services for auditing of water supplies, offset by a like amount for liability insurance based on historical expenditures.

The Governor proposes legislation in Article 4 of 2019-H 5151 transferring the Water Resources Board to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated utilities and assumes general revenue savings of \$0.4 million. It also designates the Department of Administration as the agency responsible for the Big River Management area, which must be maintained for future development of groundwater wells.

Complete Count Initiative. The Division of Municipal Finance within the Department of Revenue is tasked with providing assistance and guidance to municipalities in complying with state law. The Division promotes transparency through its financial calculations and reporting of municipal valuations, financial condition, and provides compliance assistance and guidance with respect to state legislation that impacts localities. No funding related to the federal Census taking place in 2020 is included in the enacted budget or requested by the Departments of Administration and Revenue. *The Governor proposes the transfer of a data analyst position from the Division of Municipal Finance to assist with census data collection, analysis, and monitoring. The Governor recommends \$273,717 from general revenues, \$123,717 for the position transferred from the Department of Revenue and \$150,000 to ensure that the state maximizes its outreach and count related to the 2020 Census.*

Statewide Planning. The Department requests \$5.3 million from all sources, \$0.2 million more than enacted for operating expenses for the Division of Statewide Planning. The request includes \$2.9 million for salary and benefit costs of 22.0 full-time equivalent positions. The request is \$165,326 more than enacted, including \$78 less from general revenues and \$165,326 more from Federal Highway Administration funds for planning work related to transportation projects. These funds are reimbursed by the Federal Highway Administration through the Department of Transportation for planning related projects. The Transportation Advisory Committee advises the State Planning Council on transportation planning and encourages public participation in the process. The request benefit rates consistent with FY 2020 planning values and assumes \$54,674 less in turnover savings than enacted. As of November 30, the Division had three vacancies.

The request includes the enacted amount of \$0.3 million for operating expenses and \$2.2 million for project costs. *The Governor concurs, with the exception of providing \$9,719 less from general revenues, including \$4,204 from statewide benefit savings and \$5,515 from a statewide savings initiative designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Other Programs

City Year. The Department requests the enacted amount of \$130,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individualized support to at-risk students. *The Governor recommends funding as requested.*

Information Technology Investment Fund. Excluding expenditures for centralized services, the request includes \$5.9 million or \$4.1 million less than enacted based on projected resources from the Information Technology Investment Fund. The fund was created for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. Consistent with the FY 2019 revised request, the FY 2020 request includes \$0.1 million for salaries and benefits, or \$0.3 million less than enacted reflective of cost allocations. It also includes \$5.9 million for project costs.

A list of projects and available resources is shown below.

	FY 2019 Enacted	FY 2019 Rev. Req.	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Prior Year Balance	\$ 5,000,197	\$ 8,088,968	\$ 8,488,959	\$ 2,712,092	\$ 2,422,077
Land Sale Revenue	-	7,150,000	7,591,675	-	-
10.0 Percent of Telephone Lines	1,500,000	1,500,000	1,400,000	1,550,000	1,400,000
\$1.50 Surcharge	2,000,000	2,100,000	2,300,000	2,200,000	2,400,000
Vital Records Surcharge	400,000	400,000	300,000	450,000	400,000
Total Revenues	\$ 8,900,197	\$ 19,238,968	\$ 20,080,634	\$ 6,912,092	\$ 6,622,077
<i>Information Technology Projects</i>					
DMV System	\$ 1,074,922	\$ 2,588,184	\$ 2,183,088	\$ 400,000	\$ 400,000
Unified Health Infrastructure Project	3,773,590	2,606,076	616,294	-	-
Taxation	1,700,000	1,501,076	1,150,538	-	-
Electronic Procurement	686,040	1,264,822	1,808,317	-	208,000
Probation & Parole Case Management	750,000	750,000	375,000	-	375,000
E-Poll Books	403,592	438,592	438,592	438,592	438,592
Real ID - Development	-	2,256,312	2,256,312	-	-
Vital Records System	-	522,000	522,000	-	2,300,000
New HR System	-	500,000	-	5,000,000	-
DLT - Imaging	771,785	656,596	389,674	-	-
Childhood Lead Prevention System	-	511,600	511,600	-	-
Data Center, Storage & Cloud Migration	-	3,000,000	-	315,000	-
DoIT Project Management	-	-	1,000,000	-	1,050,000
DoIT Content Management System	-	-	-	-	1,361,000
Budget System	2,091,513	1,421,231	1,266,248	-	100,000
Other Projects and Expenses	-	2,133,490	5,140,894	758,500	389,500
Expenditures	\$ 11,251,442	\$ 20,726,882	\$ 17,658,557	\$ 6,912,092	\$ 6,622,092
Fund Balance	\$ (2,351,245)	\$ (1,487,914)	\$ 2,422,077	\$ -	\$ (15)

The FY 2020 request assumes receipts of \$4.2 million: \$2.2 million from the \$1.50 Division of Motor Vehicles surcharge, \$1.6 million from 10.0 percent of the \$1.00 surcharge on wireless and landlines, and \$0.5 million from the surcharge on vital records. The request does not include any receipts from land sales and it assumes that \$2.7 million of receipts would be available at the end of FY 2019. However, updated expenditures subsequent to the preliminary FY 2018 closing, lowers previously assumed resources that would have been available in FY 2019. The FY 2019 receipts now assume sale of the former Price Medium Security building for \$4.9 million and the Ace Building on Howard Avenue for \$2.3 million. The fund would end FY 2019 with a projected deficit of \$1.5 million and the projected deficit for FY 2020 would be \$4.2 million. It will be significantly higher if the buildings are not sold. At some point, it appears that a general revenue appropriation would be needed if the account occurs a deficit.

The recommended budget assumes \$2.4 million in available resources at the end of FY 2019. The recommended budget assumes \$0.3 million less in expenditures than requested; no resources would be available at the end of FY 2020.

Disparity Study. The Department requests a total of \$0.5 million over two-years, including \$0.2 million in FY 2019 and \$0.3 million in FY 2020 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. *The Governor recommends funding as requested.*

Office of Diversity, Equity and Opportunity. The Department requests \$1.4 million from all sources, including \$1.3 million from general revenues for staffing and operating costs for the Office of Diversity, Equity and Opportunity. This is \$81,174 more than enacted and staffing consistent with the authorized level of 9.0 full-time equivalent positions. The request includes \$72,401 more from general revenues and \$26,548 more from Department of Transportation funds for costs allocated for the Disadvantaged Business Enterprise program. The request is \$0.1 million more than the current service estimate, reflecting the restoration of turnover savings. As of the last pay period in November 2018, the office has no vacancies.

The request includes the enacted amount of \$119,060 for operating expenses. It includes \$55,500 for outreach advertising expenditures. It also includes \$22,000 for conference and training related activities, which the Office indicated would reduce potential claims of discrimination in the workplace. *The Governor concurs, with the exception of providing \$11,599 less from general revenues than requested, including \$8,167 from statewide benefit savings and \$3,432 from two separate statewide savings initiatives designed to reduce operating costs.*

Interlibrary Loan Delivery System. The Department requests \$0.6 million or \$0.1 million more than enacted from general revenues for the interlibrary loan delivery system, which includes the delivery of books, audio/visual materials and other resources, which are shared between and among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The Department entered into a three-year contract on May 31, 2018 for delivery services, which increased from \$26.03 to \$27.91 per stop, effective July 1, 2018. It should be noted that the cost per stop increased by 7.2 percent while the request reflects an increase of 15.4 percent. *The Governor recommends funding as requested.*

Labor Contract Negotiation Costs to ISF. The request shifts the enacted amount of \$0.2 million of general revenue expenses for labor contract negotiations to the Division of Human Resources, which is supported by internal service charges. These expenditures will essentially be paid by other state agencies. Expenditures were \$0.3 million in FY 2018 and \$0.1 million in FY 2017. *The Governor concurs.*

Office of Legal Services. Governor Carcieri issued Executive Order 04-09 to create the Legal Services Division that would centralize and coordinate the executive department's legal services for policy, and to provide efficient use of legal resources within state government in the Department of Administration. Excluding labor contract negotiation costs, the Department requests \$2.4 million from general revenues to support the Office of Legal Services. This is \$0.1 million more than enacted for the authorized staffing of 15.6 full-time equivalent positions. The enacted budget assumed turnover savings equivalent to approximately 2 positions. The request adds \$0.1 million to restore half of the turnover savings. As of the last pay period in December 2019, the Office has 3.0 positions vacant.

The request includes \$70,291 or 959 more than enacted for operating expenses. The request is \$17,015 more than FY 2018 spending.

The Governor recommends \$194,531 more from all sources than requested, including \$211,072 from federal funds and general revenues to fund a new Litigation Oversight Unit to oversee litigation across state agencies and track hours worked on cases to ensure the appropriate source is billed. The recommendation funds a paralegal and a senior legal counsel to support the unit. The recommendation also includes \$14,240 less from general revenues from statewide benefit savings and \$2,021 from two separate statewide savings initiatives designed to reduce operating costs.

Cybersecurity. The Department requests \$0.8 million from general revenues, including \$0.4 million to fund 2.0 full-time equivalent positions, including the cybersecurity officer. The request is \$665 more than enacted for current service adjustments. The request includes the enacted amount of \$355,000 for consultants and providing cybersecurity training for employees. In May 2015, Governor Raimondo issued an executive order to establish a Cybersecurity Commission, consisting of 15 members from various state agencies and the private sector. The Commission was tasked with: creating a framework for coordinated response, simulation testing, conducting an assessment of the current cybersecurity workforce development and education activities in the state, including curricula, certificates, and training credits offered and developing an inventory of existing businesses in the cybersecurity industry within the state. The 2017 Assembly did not concur with the Governor's recommendation to transfer the cybersecurity officer to the Department of Public Safety and maintained funding and staffing in the Department of Administration.

The Governor's budget reflects the elimination of the cybersecurity officer and a vacant programming services officer and includes \$0.4 million in general revenues savings. It should be noted that the cybersecurity officer position is established in the unclassified service; however, the Governor does not propose legislation to remove it from statute. The recommendation retains \$0.4 million funding for operating expenses.

Other Salaries and Benefits. The Department requests \$9.6 million from all sources, including \$8.9 million from general revenues for salary and benefit costs for 77.0 full-time equivalent positions in the following programs: Central Management, Personnel Appeal Board, Accounts and Control and the Office of Library and Information Services. The request is \$71,454 more than enacted, including \$153,705 more from general revenues and is \$147,768 less than the current service estimate reflective of turnover savings in the Office of Library and Information Services and Accounts and Control. *The Governor recommends \$58,344 less from general revenues from statewide benefit savings and concurs with the remainder of the request.*

Other Capital Asset Management and Maintenance. The Department requests \$0.2 million or \$56,500 more from general revenues than enacted for expenditures in the Division of Capital Asset Management and Maintenance. This is consistent with the revised request and includes \$20,000 for temporary services, \$25,000 for computers, \$11,500 for appraisal services and \$4,500 staff training. *The Governor recommends \$156,603 less from general revenues than requested from two separate statewide savings initiatives designed to reduce operating costs.*

Capital - BHDDH Projects Transfer. The FY 2016 enacted budget consolidated construction, property and asset management functions into the Department of Administration. Subsequently, positions from impacted agencies were transferred. In 2016, the Assembly adopted legislation creating the Division of Capital Asset Management and Maintenance to assume the responsibilities of the Divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The purpose of the Division is to manage and maintain state property and state owned facilities. Some of its duties are: oversee all new construction and rehabilitation projects; maintain, equip, and keep in repair the State House, state office buildings and other premises owned or rented by the state; provide periodic inspection, appraisal or inventory of all state buildings; and to control and supervise the acquisition, operation, maintenance, repair and replacement of motor vehicles by state agencies.

The Governor's budget reflects the transfer of projects previously under the purview of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Department of Administration and includes \$1.4 million for four projects.

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. For these projects, a total of \$4.8 million less is included from FY 2022 through FY 2024.

Capital - Hospital Reorganization. The Department's FY 2020 through FY 2024 capital budget request includes a total of \$41.7 million, including \$11.6 million from Rhode Island Capital Plan funds and \$30.0 million from Certificates of Participation to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The plan calls for renovations to the Regan and Benton buildings; forensic psychiatric patients will move from Pinel and Adolph Meyer buildings into the Benton Building. The request is \$8.2 million less than the approved plan, including \$8.0 million more from Certificates of Participation offset by \$16.2 million less from Rhode Island Capital Plan funds. The Department later indicated that this was in error. The intent was to request funding consistent with the approved plan.

The Governor recommends total project costs consistent with the approved plan and assumes use of \$12.4 million from Rhode Island Capital Plan funds in FY 2020, \$3.6 million less than previously assumed.

Capital - Board of Elections/Medical Examiners. Consistent with the capital budget request, the request includes \$5.3 million from Rhode Island Capital Plan funds to renovate the Board of Elections' office building to be occupied by the Office of State Medical Examiners. The request shifts \$1.9 million of expenditures from FY 2020 to FY 2021, because of delays. *The Governor recommends \$0.7 million more requested, reflective of a shift in expenditures from FY 2019.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. For this, all future funding was removed with only the \$0.7 million recommended for FY 2019 for a feasibility study. The FY 2020 budget had \$6.0 million and the multi-year appropriation section of Article 1 had assumed \$9.0 million for FY 2021.

Capital - Shepard Building. The FY 2020 request includes \$10.0 million from Rhode Island Capital Plan funds to make repairs including roof and receiving door replacement, renovations to the Westminster Street entrance, elevators and replacement of all restroom floors in the building. The request is \$9.6 million more than enacted and \$0.4 million more than the capital budget. It appears to have been overstated in error. *The Governor recommends expenditures of \$1.0 million, which is \$0.6 million more than enacted. The capital budget assumes total funding of \$4.5 million, \$750,000 more than the approved plan.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. For this project, \$0.9 million less is included for FY 2019 and FY 2020. FY 2021 funding for this project was also reduced by \$0.6 million from the amount assumed in the multi-year appropriation section of Article 1.

Capital - Convention Center Authority. The request reflects the removal of one-time funding of \$4.3 million from Rhode Island Capital Plan funds provided for energy efficiency projects and it understates FY 2018 expenditures. The Authority indicates that the energy efficiency projects are underway and are

expected to be done in January 2019. Consistent with the approved plan, the request includes \$1.0 million for improvements to the Convention Center Facility.

Subsequent to the budget submission, the Authority indicates that one of its top priorities is to replace the roof, which is original to the building. The estimated cost is \$6.0 million and is not included in the request. *The Governor recommends \$5.5 million, \$4.5 million more than requested; the revised recommendation also includes an additional \$1.5 million for total funding of \$6.0 million to replace the roof.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. Funding for this project was revised from the amount assumed in the multi-year appropriation section of Article 1, a total of \$2.9 million was shifted from FY 2022 and FY 2023 to FY 2024.

Capital - Other Projects. The Department requests \$30.1 million from Rhode Island Capital Plan funds for 25 projects. This is \$12.6 million more than enacted and is consistent with the capital budget request. *The Governor recommends \$27.4 million; this is \$9.9 million more than enacted. The recommendation reflects the consolidation of projects previously under the purview of other state agencies. Additionally, under the proposed consolidation plan, costs for certain specific projects are aggregated into regional projects, i.e., Pastore Center, Capitol Hill and South County and or asset protection projects. A detailed analysis of this project is included in the Capital Budget section of this publication.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. For these projects, \$5.7 million less is for FY 2020. Several of these projects are also included as part of the multi-year appropriation section of Article 1.

Other Expenses. The Department requests \$0.6 million from all sources, including \$0.3 million from general revenues for all other expenses. This is \$55,268 less than enacted, including a slight increase from general revenues and decreases of \$225 from federal funds and \$55,096 from restricted receipts. This reflects the removal of \$50,000 budgeted for legal services for administrative expenses of the OPEB system. *The Governor concurs, with the exception of providing \$89,931 less from general revenues from two separate statewide savings initiatives.*

Internal Service Funds

The state uses internal service funds to reimburse one agency for services provided to another. For example, the Central Utilities account within the Department of Administration charges agencies for utilities expenses, such as electricity costs. In other cases the service provided is more administrative such as human resources support. The funds to cover these expenditures are budgeted as an operating expenditure in the agency receiving the services. No funds are appropriated to the internal service fund.

Program	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended	Change to Request
Assessed Fringe Benefits	\$ 41,383,271	\$ 40,889,406	\$ 31,377,620	\$ 31,377,620	\$ -
Human Resources	12,131,620	13,377,854	14,845,139	15,227,277	382,138
Facilities Management	39,212,184	38,693,072	40,091,033	40,379,969	288,936
Information Technology	32,282,229	39,077,346	39,041,302	40,631,267	1,589,965
Central Mailroom	6,539,120	6,284,172	6,290,947	6,290,947	-
State Fleet	12,549,973	12,657,336	12,740,920	12,740,920	-
Telecommunications	3,602,419	3,402,220	3,450,952	3,450,952	-
Total	\$ 147,700,816	\$ 154,381,406	\$ 147,837,913	\$ 150,098,952	\$ 2,261,039

Internal service funds lack the transparency of direct appropriations. They are supported by billings to agencies since no money is appropriated to the funds and the services appear as operating costs even though they often fund personnel expenses. This makes it difficult to exercise the same level of scrutiny as direct appropriations. The following descriptions cover those operations that include personnel expenses. The total full-time equivalent positions in the Department of Administration's budget associated with these operations is 440.5. *The Governor recommends an additional 18.0 new positions for these operations.*

Assessed Fringe Benefits. The Assessed Fringe Benefit Fund provides funding for the state employee workers' compensation, severance pay, unemployment pay and employee assistance programs. The fund is supported from a biweekly assessment that is applied to the amount of salaries and wages paid from all accounts and funds. The Department projects FY 2020 expenditures of \$31.4 million or \$10.0 million less than enacted. This assumes \$6.5 million less for severance and \$4.5 million less for the Workers' Compensation Program. It also assumes staffing of 7.0 full-time equivalent positions, 7.0 less than enacted. As previously mentioned, the program is in the process of being privatized. *The Governor recommends funding as requested.*

Human Resources. The division provides human resources services to nearly all state departments. Services include employee benefits, payroll, and labor relations. The FY 2020 request assumes expenditures of \$14.8 million, or \$2.7 million more than enacted, including \$1.6 million for salaries and benefits. This includes funding of \$0.7 million for five positions that were previously supporting the Workers' Compensation program. The program is being privatized and these employees could not be terminated due to their statutory status, which provides protection during reorganizations or layoffs. It includes \$0.2 million for software related to the online Neo Gov for recruiting. As previously mentioned, it reflects a shift of \$0.5 million expenditures previously budgeted as general revenues in the Department of Administration's budget. This includes \$0.2 million for labor contract negotiations and \$0.6 million for information technology services. The request assumes staffing of 103.0 full-time equivalent positions. Agencies are billed based on the cost of filled positions.

The Governor recommends an additional \$0.4 million to fund 3.0 new positions for centralized human resources support and \$0.1 million to fund a programming services officer to manage the employee co-shares. The latter will be supported by funds set aside for health insurance claims.

Facilities Management. Facilities Management provides services including property management, groundskeeping and janitorial services for state departments and agencies. It is responsible for 140 state buildings and six court buildings. The FY 2020 request assumes expenditures of \$40.1 million, \$0.9 million more than enacted. Expenditures are based on projected costs for utilities, janitorial services, snow removal, repairs and personnel. For billing purposes, each building is assigned a rate, which reflects the cost per square foot for occupancy and agencies are billed based on the square footage it occupies in a facility. The FY 2020 budget assumes staffing of 107.5 full-time equivalent positions, 8.0 less than enacted to align currently filled positions. *The Governor concurs and recommends an additional \$0.3 million to fund two new project manager positions.*

Information Technology. The Division of Information Technology provides centralized information technology services to state agencies. The request assumes expenditures of \$39.0 million for FY 2020, which is \$6.8 million more than enacted, and staffing of 190.0 full-time equivalent positions, 5.0 less than enacted to align currently filled positions. The request includes \$1.0 million for facilities, human resources and information technology services. It includes \$1.6 million more for the software related expenses, of which \$0.6 million is for the state's financial accounting network system. It also includes \$2.5 million for enterprise services. According to the Department, expenditures are broken down into service category to calculate a cost of service; from that, rates are developed. Some services include printing, storage, system support, server charges and disaster recovery. For example, the forecasted rate for tape storage is \$2.06 per tape per month and systems support is \$93.85 per hour.

The Governor concurs and recommends an additional \$1.6 million to fund 12.0 new full-time equivalent positions. The positions include: six to support implementation of digital initiatives, four project managers, one programmer/analyst to manage implementation of the E-Procurement initiative, and one chief of information technology to lead the migration to emerging technology.

Central Mailroom. Central mail services provides for inter-agency mail delivery and processing of mail for most state agencies. The FY 2020 request assumes expenditures of \$6.3 million and staffing of 10.0 full-time equivalent positions, two fewer than enacted based on currently filled positions. The request is \$0.3 million less than enacted; however, it is \$0.3 million more than FY 2018 expenditures. Agencies are billed based on mail processed on their behalf. *The Governor recommends funding as requested.*

State Fleet. State fleet provides charges for the administration and fiscal management of state-owned vehicles, and operates several fuel depots throughout the state. The FY 2020 request assumes the authorized level of 7.0 full-time equivalent positions. The Department of Administration projects FY 2020 expenditures of \$12.7 million, \$0.2 million more for than enacted for salaries and benefits. Agencies are billed based on fuel used, maintenance services provided, insurance costs, and the number of vehicles owned. *The Governor recommends funding as requested.*

Telecommunications. The Division of Information Technology's Telecommunications manages all voice telephone line installations, service changes and billings statewide. It also provides direct services both internally to government and to the public. The office is supported by 8.0 full-time equivalent positions. The FY 2020 request assumes \$3.5 million or \$0.2 million less than enacted for operational costs based on FY 2018 expenses. Agencies are billed based on the number of lines they have as well as requested maintenance. *The Governor recommends funding as requested.*

Department of Business Regulation

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 2,396,826	\$ 2,400,746	\$ 2,683,877	\$ 2,529,586
Banking Regulation	1,835,317	1,635,503	1,773,843	1,734,819
Securities Regulation	1,030,879	1,062,926	1,108,207	1,098,495
Commercial Licensing, Gaming & Athletics	2,880,397	2,946,546	3,128,141	1,927,476
Insurance Regulation	5,966,467	5,690,880	5,977,824	5,931,271
Office of the Health Insurance Commissioner	2,417,860	2,964,412	2,614,407	2,612,183
Board of Accountancy	6,000	5,887	6,000	5,883
Building, Design & Fire Professionals	7,975,651	8,438,567	8,334,759	9,367,901
Office of Cannabis Regulation	-	-	-	5,562,901
Total	\$ 24,509,397	\$ 25,145,467	\$ 25,627,058	\$ 30,770,515
Expenditures by Category				
Salaries and Benefits	\$ 18,066,649	\$ 18,042,668	\$ 19,076,829	\$ 21,308,118
Contracted Services	2,516,682	2,750,182	2,537,657	2,667,857
Subtotal	\$ 20,583,331	\$ 20,792,850	\$ 21,614,486	\$ 23,975,975
Other State Operations	3,774,100	3,714,162	3,863,834	5,880,802
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	80,000	80,000	80,000	330,000
Capital	71,966	558,455	68,738	583,738
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 24,509,397	\$ 25,145,467	\$ 25,627,058	\$ 30,770,515
Sources of Funds				
General Revenue	\$ 17,430,457	\$ 16,864,098	\$ 18,050,640	\$ 18,508,156
Federal Aid	892,631	1,346,487	766,268	765,694
Restricted Receipts	6,119,812	6,379,524	6,738,951	11,115,466
Other	66,497	555,358	71,199	381,199
Total	\$ 24,509,397	\$ 25,145,467	\$ 25,627,058	\$ 30,770,515
FTE Authorization	161.0	162.0	162.0	187.0

Summary. The Department of Business Regulation requests FY 2020 expenditures of \$25.6 million from all funds, including \$18.1 million from general revenues. The request is \$1.1 million more than enacted, including \$0.6 million more from general revenues, \$0.1 million less from federal funds, \$0.6 million more from restricted receipts and \$4,702 more from other funds. The Department requests 162.0 full-time equivalent positions, 1.0 more position than the authorized level.

The Department also submitted a constrained request that totals \$18.0 million from general revenues, which is \$54,500 less than the unconstrained request, and includes \$0.8 million in new revenue enhancement initiatives.

The Governor recommends \$30.8 million from all sources, \$6.3 million more than enacted, including \$1.1 million more from general revenues. The request also includes \$4.4 million from restricted receipts to establish a new Office of Cannabis Regulation to oversee the launch of an adult use marijuana program. The recommendation includes 187.0 full-time equivalent positions, 26.0 positions more than enacted, and 25.0 more than requested.

Target Issues. The Budget Office provided the Department of Business Regulation with a general revenue target of \$17.2 million. The amount includes current service adjustments of \$584,825 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$0.8 million.

The constrained budget submitted by the agency is \$0.8 million more than the target. In order to meet the target, the Department proposes seven new revenue initiatives totaling \$796,465 and includes \$54,500 in savings from the Office of the Health Insurance Commissioner. The proposals to achieve the reductions are noted among the following items, described below where appropriate. *The Governor’s recommendation is \$1.3 million above the target.*

FY 2020 Budget	Budget Office		DBR	Difference
FY 2019 Enacted	\$ 17,430,457	\$	17,430,457	\$ -
Current Service Adjustments	584,825		584,825	-
New Initiatives	-		35,358	35,358
Change to FY 2019 Enacted	\$ 584,825	\$	620,183	\$ 35,358
FY 2020 Current Service/Unconstrained Request	\$ 18,015,282	\$	18,050,640	\$ 35,358
Target Reduction/Initiatives	(826,055)		(54,500)	771,555
FY 2020 Constrained Target/Request	\$ 17,189,227	\$	17,996,140	\$ 806,913
<i>Change to FY 2019 Enacted</i>	<i>\$ (241,230)</i>	<i>\$</i>	<i>565,683</i>	<i>\$ 806,913</i>

Staffing. Consistent with the revised request the Department’s FY 2020 request includes 162.0 full-time equivalent positions, which is one more than the enacted authorization. The Department’s request reallocates two positions from other divisions into central management and adds a legal counsel for medical marijuana which had been requested last year, but not authorized. The Department’s staffing authorization has undergone several changes. Between FY 2011 and FY 2016, the Department often maintained a double-digit vacancy level. The Department reported new recruitment and hiring practices implemented for FY 2017 resulted in significant gains in qualified candidates; FY 2017 demonstrated the fewest vacancies since FY 2010, and the Department has maintained a roughly 95 percent filled staffing rate since.

The Governor recommends 187.0 full-time equivalent positions, including the requested staffing changes. The Governor also transfers the authorization for the Small Business Ombudsman from the Office of Regulatory Reform, adds 7.0 new positions to the Division of Building, Design and Fire Professionals in conjunction with a streamline and simply initiative to be conducted jointly with the Executive Office of Commerce. She also recommends establishing a new Office of Cannabis Regulation which encompasses the 5.0 positions assumed in the revised request for Medical Marijuana Regulation and 17.0 new positions in support of a new adult use marijuana program.

Centralized Services. The Department requests \$1.4 million, \$9,100 more than enacted amount for its share of 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. The state uses internal service funds to reimburse one agency for services provided to another. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The request

includes \$2,000 more from federal funds, \$7,100 more from restricted receipts, and the enacted amount from general revenues.

This request includes \$0.6 million for facilities management, \$0.2 million for human resources and \$0.6 million for information technology services. The requested increase is \$0.3 million more than actual FY 2018 expenditures. It aligns Office of the Health Insurance Commissioner FY 2020 expenditures with FY 2018 actual spending; expenditures for the rest of the Department were not adjusted though FY 2018 expenditures were lower, including \$54,615 less for facilities management, \$64,969 more for human resources, and \$157,723 less for information technology support.

The Governor's recommendation is \$15,325 less than enacted, including \$24,425 less from general revenues to reflect the alignment of Office of Health Insurance Commissioner expenses as requested. The recommendation reflects \$96,032 of facilities management savings offset by \$71,607 more for information technology expenditures consistent with billings through November and December.

Office of the Health Insurance Commissioner

Enforcement and Consumer Protection. The Department requests \$69,377 from federal funds for 0.5 full-time equivalent positions and operations associated with the Health Insurance Enforcement and Consumer Protection grant. This is \$56,060 less than enacted and \$0.4 million less than the revised request. The Office received a one-year, no-cost extension for the grant originally anticipated to expire October 2018. The request reflects anticipated expenditures prior to the close of the grant. The positions currently funded by the grant are anticipated to move to other sources of funds, discussed later in this analysis.

The Governor recommends \$57,216 more than requested to reflect a different allocation of staffing support between this and another federal grant program. It appears the change was unintentional and the intent was to provide funding as requested.

Utilization Review. The Department requests \$0.5 million for staffing and operations related to the Health Care Utilization review program transferred from the Department of Health to the Office of the Health Insurance Commissioner, effective January 1, 2018. The request is \$0.2 million more than enacted from restricted receipts to support 3.0 full-time equivalent positions and \$10,800 for operating expenses.

The Patient Protection and Affordable Care Act requires all states to either substantially conform its independent review laws to the National Association of Insurance Commissioners' Uniform Health Carrier External Review Model Act or elect to use a federally mandated process. The Act also stipulates that all self-insured group health plans and health insurance issuers are required to contract with three independent review organizations to review appeals for members who have exhausted all internal appeal levels available to them. Current law authorizes the Commissioner to establish a process for the certification of review agents as well as establish procedures for the periodic review and recertification of review agents at least every three years. *The Governor recommends funding as requested.*

State Flexibility Grant. The Department requests \$0.2 million for staffing and operational expenses for a new federal grant to ensure states' laws, regulations, and procedures are in line with federal requirements. The award period is August 20, 2018 through August 19, 2020 for a total of \$276,716, of which \$210,348 is for staffing, \$56,375 is for contract expenditures, and \$9,996 is for other operational expenses. The FY 2020 request includes to \$174,475 to support staffing costs for 1.5 full-time equivalent positions, \$28,375 for consultant expenditures, and \$1,730 for other operational expenses.

The staffing expenses are intended to support 1.5 full-time equivalent positions which share support with the Enforcement and Consumer Protection grant. The consultant expenses include improving the state's compliance with and oversight of the Guaranteed Renewability of Coverage under the Public Health

Service Act Sections 2702, 2703, and 2707. The improved compliance requires the Office to conduct a market scan of the four major insurance carriers and an analysis of the current benchmark plan against other state benchmark plans and explore new affordable options, and the oversight of individual and group market adherence to existing renewable coverage requirements.

The Governor recommends \$57,790 less than requested to reflect a different allocation of staffing support between this and another federal grant program. It appears the change was unintentional and the intent was to provide funding as requested.

RI REACH. The Office requests \$460,750 from all sources of funds for the Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline (RI REACH), operated by the Rhode Island Parent Information Network. The request includes \$360,750 from general revenues and \$100,000 from federal funds, which is \$10,500 more and \$30,000 more than enacted, respectively.

The 2018 Assembly approved the Governor's FY 2019 recommendation to shift \$70,000 of the expense to available federal Medicaid matching funds. Actual FY 2018 Medicaid offset collections totaled \$136,811. The request is reflective of the minimum achievable reimbursement in accordance with the consultant's report of a decrease in the reimbursable Medicaid call volume for July and August, and stricter guidance for screening calls for eligibility. The four months reimbursed as of November 14, 2018, range from \$7,090 to \$12,000 with an average of \$9,170, median of \$8,795, and a total of \$36,680; the annualized monthly value is estimated between \$98,724 and \$110,040. Those amounts are less than the FY 2018 actual reimbursement and above the Office's current request.

The Office reports that the helpline serves as the Office's designated health insurance consumer assistance program, through a live-answer toll-free helpline. The helpline has operated since FY 2014, and was funded through the Office's rate review grants until FY 2016. It was entirely general revenue funded for FY 2017; the federal match began in FY 2018. The helpline reports having handled 35,303 calls, serving 2,751 clients in FY 2017. For 2018, six months of data was annualized to estimate 41,090 calls handled, serving 3,110 clients. The number of full-time equivalent employees supported over the reporting periods decreased from 7.0 positions to 6.5 positions.

The Office's constrained request excludes the request for additional general revenues and further reduces general revenues by \$30,000.

The Governor includes federal funds as requested, but maintains the enacted level of general revenues.

State Innovation Models. The Office requests \$11,471 from the State Innovation Models grant. This is \$0.3 million less than enacted from federal funds for staffing and operations. The grant is intended to identify strategies to actively engage patients in their healthcare choices, develop outcome measures and build insurer-specific price transparency tools to allow both providers and consumers to better understand the cost and price variation of health care. The request reflects the end of the available grant funding. The grant supports 2.0 full-time equivalent positions; the request appears to fund those positions for a single pay period. The Office reports it is preparing a no-cost extension for the grant which it intends to request in March 2019. *The Governor recommends funding as requested.*

Revenue - OHIC Restricted Assessment. In lieu of further spending reductions, the Office of the Health Insurance Commissioner proposes a revenue enhancement to achieve its constrained budget target. Revenues would be deposited in the Office's restricted reimbursement account, which would offset general revenues. This proposal is similar to an assessment proposed by the Office last year, but not recommended by the Governor.

The request proposes a 0.0058 percent premium assessment on commercial health insurance premiums written by the state's three domiciled health plans. The Office notes that this requires a legislative change. The Office reports that three of the state's insurers wrote \$1.1 billion in fully insured premiums; the revenue estimate assumed with the request is \$60,000. Assuming the same base amount, the assessment required to raise \$60,000 is 0.0056 percent. Documents submitted in support of the request note that many states nationwide use assessments, including using assessments exclusively, to fund regulatory entities.

The Governor's recommendation excludes this request.

Other Staffing and Operations. The Office of the Health Insurance Commissioner requests \$1.4 million from all funds, which is \$68,694 more than enacted from general revenues for all other expenses. This request adds \$80,778 more for salaries and benefits for the remaining 6.0 full-time equivalent positions to reflect the current service level, offset by \$12,084 of operating expense reductions. The request also includes the enacted amount of \$165,000 from general revenues for contracted services for technical regulatory support including design and compliance assessments and affordability standards, legislative and policy analysis, and consumer public relations. The request also includes \$11,500 from restricted receipts for travel and training expenses.

The Department's constrained request includes \$14,000 less for program supplies.

The Governor recommends \$7,147 less than requested to reflect statewide benefit savings and \$1,084 of proposed savings from two separate statewide initiatives designed to reduce operating costs. The recommendation does not include \$150,000 for a Risk Bearing Provider Organization analysis assumed under a Memorandum of Understanding between the Office and the Executive Office of Health and Human Services, for which the revised budget includes \$50,000.

Building, Design, and Fire Professionals

The enacted budget provides \$8.0 million, including \$5.2 million from general revenues, \$0.4 million from federal funds, \$1.6 million from restricted receipts and \$66,497 from other funds, to consolidate professions relating to building and construction design, inspection, and enforcement of building and fire codes within a new division of the Department of Business Regulation.

The enacted budget assumes 62.0 full-time equivalent positions in the division. This includes 3.0 positions from the Boards for Design Professionals and 59.0 positions transferred to the Department including 23.0 from the Division of Construction Permitting, Approvals and Licensing at the Department of Administration, and 36.0 from the State Fire Marshal at the Department of Public Safety. The request includes authorization to shift one position to central management and includes \$125,157 from restricted receipts for a new Deputy Director position to oversee the new division. The position authorization is reallocated from within the division, and has been filled since the September 1, 2018 pay period.

The enacted budget assumes funding the former Boards for Design Professionals' expenses with Contractors' Licensing and Registration Board receipts. It does not appear that there are sufficient funds to sustain the enacted level of expenditures. This risk was noted when recommended by the Governor; the administration had indicated it was looking for administrative efficiencies. Instead, the request assumes even more expenses for the sources. The request assumes revenue collections of \$1.8 million, higher than recent collections, and inconsistent with the Board's revenue collection pattern.

The Governor recommends \$1.3 million more than enacted, including \$0.8 million from general revenues and \$0.1 million more from restricted receipts for staffing and operations of the Division. She also includes 7.0 more full-time equivalent positions than requested consistent with a proposed streamline and simplify initiative and transfers of the authorization for the Small Business Ombudsman from the Office of

Regulatory Reform to the Department of Business Regulation; however, that position is still assumed to be paid for through Commerce Corporation resources. The recommendation also includes \$0.3 million of Rhode Island Capital Plan funds for the fire academy project erroneously excluded from the request. The Recommendation appears to assume the same level of restricted receipt revenues as the Department's request. As of February 18, 2019, the Department has collected \$0.7 million. Consistent collections throughout the remainder of the fiscal year would yield only \$1.3 million; \$0.5 million less than assumed in the budget.

Deputy Director (1.0 FTE). The Department's request includes \$125,157 from restricted receipts for a new Deputy Director position to oversee the new Division of Building, Design and Fire Professionals. The position authorization is reallocated from the within division and has been filled since the September 1, 2018 pay period. As noted, the restricted receipts may not be adequate to maintain requested funding levels. The request assumes revenue collections of \$1.8 million, higher than recent collections, and inconsistent with the Board's revenue collection pattern.

The Governor recommends funding as requested. It does not appear that there are sufficient funds to sustain the recommended expenditure level in the current year, nor FY 2020.

Building, Design and Fire Staffing. The Department requests \$6.4 million from all sources of funds, including \$5.0 million from general revenues, \$1.3 million from restricted receipts, and \$71,199 from other funds for all other staffing and operations costs related to the Division of Building, Design and Fire Professionals. The \$0.2 million general revenues increase reflects current service adjustments.

The request includes funding for 60.0 full-time equivalent positions, one less than enacted exclusive of the Deputy Director discussed earlier. This includes 32.0 positions for the Fire Marshal's Office, 3.0 positions each for the Fire Training Academy and Fire Safety and Review Unit, and 11.0 positions each for the State Building Code Commission and Contractors' Licensing Board. It should be noted that the Contractors' Licensing Board receipts vacillate biennially and the revenue assumptions in the Department's request are robust. More pessimistic revenue estimates based on past experience exacerbate the potential risk.

The Governor recommends \$48,186 less than requested to reflect statewide benefit savings.

Operations. The Department requests the enacted amount of \$1.5 million, including \$750,061 from general revenues, \$378,840 from federal funds, and \$352,119 from restricted receipts for all other expenses related to the Division of Building, Design and Fire Professionals. The request includes \$0.3 million for security supplies, \$0.2 million each for its vehicle fleet, training, and rental property and equipment, \$0.1 million each for telephones, utilities, and information technology support, \$69,596 for maintenance, \$41,096 for postal services and outreach, \$20,508 for insurance, \$16,055 for travel, \$31,074 for contracted medical, landscaping and engineering services and \$0.2 million for all other expenses.

The Governor recommends \$0.1 million more than enacted which includes \$125,000 for radioactivity and explosive detection and x-ray equipment requested for FY 2019, and \$40,700 for annual online licensing expenses inadvertently excluded from the request, of which \$19,700 is general revenues. It also includes \$19,385 of proposed savings from two separate statewide initiatives designed to reduce operating costs.

Streamline and Simplify (8.0 FTE). For FY 2018, the Department of Business Regulation requested \$0.3 million to create a new Office of Business Climate Improvement to streamline business development processes. The Office was to be staffed by 2.0 existing full-time equivalent positions in other agency budgets, one in the Commerce Corporation and the Small Business Ombudsman in the Office of Regulatory Reform. The intent of the office was to enhance customer service, increase e-governance processes and expedite permit and licensure procedures through the identification of unnecessary bureaucratic requirements of state approval and permitting requirements never specified.

The Governor's budget includes \$3.3 million for a program jointly administered by the Executive Office of Commerce and the Department of Business Regulation. To support the initiative, the Governor recommends \$0.5 million from general revenues for the Department of Business Regulation. The recommendation adds 7.0 full-time equivalent positions and transfers the staffing authorization for the Small Business Ombudsman from the Office of Regulatory Reform to the Department. That position is still assumed to be funded by the Commerce Corporation. The initiative is intended to improve various licensing requirements which impact businesses.

Capital. The Department's request erroneously excluded capital expenditures associated with the Fire Training Academy. *The Governor recommends \$0.3 million from Rhode Island Capital Plan funds for FY 2020 for increased construction costs related to completion of the Academy's ongoing project.*

Office of Cannabis Regulation

Adult-Use Marijuana (17.0 FTE). On January 13, 2019, the Governor announced the intention to establish a legal adult-use marijuana program, citing the operations in neighboring states. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine previously adopted an adult use program anticipated to launch during spring 2019. Vermont permits adult-use of marijuana, but does not permit retail sales. New York's Governor has proposed an adult-use program in the budget to begin next year. Bills have also been introduced in Connecticut and New Hampshire legislatures.

The Governor's budget includes Article 20 of 2019-H 5151 to establish the authorization and regulation of an age 21 and older adult-use marijuana program; it assumes \$4.4 million, of which \$1.9 million is for salaries and benefits for 17.0 new full-time equivalent positions. The regulation of all programs is centralized within the 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. 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 also includes language in Article 2 to exempt associated restricted accounts from the cost recovery required under current law.

The Governor's budget assumes revenues of \$4.9 million from the legalization of marijuana and hemp product expansion. New revenues include \$1.0 million from sales taxes, \$1.2 million from licensing activities, and \$2.7 million from new excise taxes.

Medical Marijuana Regulation (1.0 FTE). The Department requests \$1.1 million for medical marijuana licensing staff and operations. The request is \$0.1 million more than enacted from restricted receipts, and includes a new legal counsel, one more full-time equivalent position than the enacted budget. The Department filled a prior legal counsel vacancy with an administrative officer position and now requests to add the legal counsel. The request includes \$0.6 million for salaries and benefits representing full-year funding for 5.0 full-time equivalent positions; this is \$146,623 more than enacted. The staffing request adds \$121,870 for the new position, and includes an upgrade for the program's director and adjusts other staffing expenses which were overstated in the enacted budget.

The request also includes the enacted amount for operational expenses including \$245,000 for software maintenance and operations, \$110,000 for office supplies and equipment, \$47,000 for travel expenses, \$55,000 for consultant expenses and staff training, \$15,000 for fleet expenses, and \$91,964 for all other operations. The request is \$0.7 million more than spent in FY 2018, including \$0.5 million more exclusive of salaries and benefits. The division reported that timing of deliverables, newness of the vehicle fleet and office delayed or mitigated actual expenditures.

The Department collects application and licensing fees from compassion centers and cultivators, including registry identification cards for employees and growers, as well as fees from the issuance of medical marijuana plant tags, and fines and penalties. Revenues in excess of spending needs are transferred to the general fund each year.

In December 2018 the Department posted an Economic and Policy Analyst position not approved in the enacted budget, nor requested in the budget submission.

The Governor concurs and includes Article 20 of 2019-H 5151 to establish the authorization and regulation of an age 21 and older adult-use marijuana program and a new Office of Cannabis Regulation. To centralize the regulation of marijuana, the recommendation shifts the budget and 5.0 associated positions for medical marijuana regulation from another division to the Office. Proposed changes to the medical marijuana program include shifting the regulation of caregivers from the Department of Health to the Department of Business Regulation including limiting patient counts without meeting specific criteria and limiting reimbursement to documented expenses approved by the Department. The article restricts home-based plant cultivation to need-based participation and lowers the permissible number of plants, but increases the permissible useable amount and eliminates gifting within the program. It also increases the number of compassion centers from three to nine, and expedites licensure of existing licensees for additional locations; licensees would be permitted to also hold adult retail licenses and those entities would be permitted to be for-profit entities. Certified school nurse teachers would also be permitted to administer non-inhalant products.

The Governor's budget assumes \$1.6 million from sales tax, fees, and increased surcharge collections from changes to the current medical marijuana program.

Other Divisions

Fiscal Management Officer (1.0 FTE). The Department requests \$146,225 from general revenues, \$42,652 more than the revised request, for a new position within Central Management intended to provide financial oversight for the new Division of Building, Design and Fire Professionals. The position authorization is reallocated from the Division; it was posted for hire in October 2018 with a salary range of \$50,089 to \$58,284; the salary level assumed in the budget is \$74,754. There are likely savings if the position is filled at a lower salary level. *The Governor recommends funding as requested adjusted for statewide benefit savings.*

Legislative and Public Relations (1.0 FTE). The Department's request includes \$149,596 from general revenues, \$80,441 more than the revised request, for a new position within Central Management intended to act as a legislative and public relations liaison to the legislature and provide public correspondence. The position authorization is reallocated from elsewhere in the Department; it was posted for hire in November 2018. *The Governor recommends funding as requested adjusted for statewide benefit savings.*

Other Salaries and Benefits. The Department requests \$9.8 million from all sources of funds, including \$8.8 million from general revenues, and \$1.0 million from restricted receipts. The request supports salaries and benefits for the 85.0 full-time equivalent positions assigned to the remaining divisions. These include Central Management, Banking Regulation, Securities Regulation, Insurance Regulation and Commercial Licensing, Gaming and Athletics. The request includes \$5,919 more than enacted from general revenues and \$30,643 more from restricted receipts, primarily current service level adjustments offset by turnover savings. *The Governor recommends \$30,224 less than enacted, including \$60,867 less from general revenues to reflect statewide benefit savings and restricted receipts funding as requested.*

Dodd-Frank Appraisal Registration. The Department requests \$48,000 from new restricted receipts to pass-through fees to the federal government in compliance of the Dodd-Frank Wall Street Reform Act.

The Assembly enacted 2017-H 5620 providing the Department authority to develop and implement registration requirements for appraisal management companies in connection with the valuation of collateralizing or securitization of mortgages and mortgage loans, as required under federal law. It should be noted that the legislation did not authorize a restricted receipt account, and authorization has not been requested.

The registration process has distinct fees for registration companies and for individual appraisers who have performed an appraisal during the covered period. The Department reports that a portion of registration fees are retained by the state, and the individual appraiser fees are paid to the Appraisal Subcommittee of the Federal Reserve; this account is required to facilitate that expense. The associated revenue to the state is estimated at \$20,000, which the Department reports is a best estimate of anticipated FY 2019 collections based on the practice in other states.

The Governor recommends funding as requested and includes language in Article 2 of 2019-H 5151 to authorize the restricted receipt account.

Other Operations. The Department requests \$35,000 more than enacted from all funds, including \$10,000 more from general revenues and \$25,000 more from restricted receipts for all other expenses. The request adds \$10,000 for operational expenses to reflect expenditures underbudgeted in prior years. Expenditures were \$11,863 for FY 2018 and \$12,986 for FY 2017, but only \$2,000 was appropriated. The restricted receipt request also erroneously double counts \$25,000 of expenditures included in the enacted budget.

The Governor recommends \$23,106 less than enacted from general revenues to reflect proposed savings from two separate statewide initiatives designed to reduce operating costs.

Revenue Enhancements

The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Department chose fees that were not aligned with neighboring states, but in most cases were lower; the fees selected were chosen based on the presumed burden of the increase falling disproportionately on out-of-state entities. Many of the out-of-state fees are annual, but are presented on a biennial basis for comparison purposes.

The Department reports that having a lower fee creates a competitive advantage for out-of-state entities because Rhode Island-based companies are paying higher fees in neighboring states, while out-of-state entities are benefiting from Rhode Island's relative lower cost, and assumes that if higher costs discourage nonresident companies from operating, Rhode Island-based companies will face less competitive markets.

The Governor's budget excludes most of these proposals; she does include language in Article 5 of 2019-H 5151 associated with \$0.6 million of new revenues from increasing debt collector fees.

Surplus Lines Broker. The Department proposes raising the fee for surplus lines broker licenses from \$100 to \$300. Surplus lines brokers sell policies for approved but unlicensed insurers, which are not typically sold by traditional insurers. The Department reports there are 1,689 existing licenses, of which 1,605 are out-of-state entities. Massachusetts has 2,920 licensed entities and a \$300 fee; Connecticut has 3,013 licenses and a \$625 fee. The impact of the fee increase is estimated to generate \$168,900 of which 95.0 percent of the additional revenue comes from out-of-state entities. *The Governor's budget excludes this proposal.*

Third Party Administrator. The Department proposes raising the fee for third party administrator fees from \$250 to \$750. Third party administrators solicit or effect, underwrite, adjust claims or collect premiums or charges for life and health insurance and annuities. The Department reports there are 358

third party administrators, of which 291 are out-of-state entities. Massachusetts does not license third party administrators; Connecticut has 304 with a \$500 fee. At the fee level proposed, Connecticut would be \$250 less than Rhode Island.

The impact of the fee increase is estimated to generate \$179,000 of which about 81.0 percent of the additional revenue comes from out-of-state entities. The Department notes that these entities utilize a significant amount of staff time and this increased level would still not fully compensate the Department for staff time. *The Governor's budget excludes this proposal.*

Debt Collector Fees. The Department proposes raising the debt collector registration fee from \$100 to \$500. The Department reports there are 530 existing debt collectors, of which 524 are out-of-state entities. Massachusetts has 419 collectors and a \$1,000 fee; Connecticut has 637 licenses and a \$400 fee. The impact of the fee increase is estimated to generate \$212,000 of which 98.9 percent of the additional revenue comes from out-of-state entities.

The Governor's budget includes \$0.6 million from increasing the debt collector fees from \$100 to \$500 which assumes 1,445 licenses. 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.

Broker Dealer Fees. The Department proposes raising the fee for broker dealer firms from \$300 to \$350. This fee applies to large securities fees. The Department reports there are 1,347 existing licenses, of which 1,335 are out-of-state entities. Massachusetts charges a \$450 fee, but does not report on the number of entities; Connecticut has 2,131 licenses and a \$340 fee. The impact of the fee increase is estimated to generate \$67,400 of which 99.0 percent of the additional revenue comes from out-of-state entities. *The Governor's budget excludes this proposal.*

Investment Advisor Fees. The Department proposes raising the investment advisor representative license fees from \$60 to \$75. Investment advisor representatives manage accounts and make recommendations to clients for whom they manage accounts and portfolios. The Department reports there are 3,535 licensed representatives, of which 2,412 are out-of-state entities. Massachusetts charges a \$50 fee, but does not report on the number of entities; Connecticut has 14,333 representatives and a \$100 fee. The impact of the fee increase is estimated to generate \$53,025 of which 68.2 percent of the additional revenue comes from out-of-state entities. *The Governor's budget excludes this proposal.*

Investment Advisor Firms. The Department proposes raising the investment advisor firm fees from \$300 to \$350. These are the large securities firms that employ investment advisor representatives. The Department reports 1,123 registered firms, of which 1,025 are out-of-state entities. Massachusetts charges a \$300 fee, but does not report on the number of entities; Connecticut has 519 firms and a \$340 fee. The impact of the fee increase is estimated to generate \$56,150 of which 91.3 percent of the additional revenue comes from out-of-state entities. *The Governor's budget excludes this proposal.*

Executive Office of Commerce

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Executive Office of Commerce	\$ 839,457	\$ 885,561	\$ 1,075,001	\$ 1,921,663
Housing & Community Development	20,122,981	21,598,471	23,325,250	23,206,530
Quasi-Public Appropriations	19,086,714	19,999,012	19,086,714	21,789,606
Commerce Programs	2,100,000	2,100,000	2,100,000	2,912,724
Economic Development Initiative Funds	14,300,000	14,300,000	22,100,000	18,350,000
Total	\$ 56,449,152	\$ 58,883,044	\$ 67,686,965	\$ 68,180,523
Expenditures by Category				
Salaries and Benefits	\$ 1,828,367	\$ 1,906,035	\$ 2,228,368	\$ 2,314,271
Contracted Services	-	-	-	450,000
Subtotal	\$ 1,828,367	\$ 1,906,035	\$ 2,228,368	\$ 2,764,271
Other State Operations	510,910	416,172	510,910	415,673
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	19,659,911	21,198,575	22,697,723	22,557,723
Capital	6,963,250	7,875,548	6,963,250	11,453,250
Capital Debt Service	-	-	-	-
Operating Transfers	27,486,714	27,486,714	35,286,714	30,989,606
Total	\$ 56,449,152	\$ 58,883,044	\$ 67,686,965	\$ 68,180,523
Sources of Funds				
General Revenue	\$ 30,289,375	\$ 30,226,612	\$ 38,481,209	\$ 35,365,201
Federal Aid	14,445,458	16,029,815	17,491,437	17,611,003
Restricted Receipts	4,754,319	4,754,319	4,754,319	4,754,319
Other	6,960,000	7,872,298	6,960,000	10,450,000
Total	\$ 56,449,152	\$ 58,883,044	\$ 67,686,965	\$ 68,180,523
FTE Authorization	16.0	16.0	17.0	18.0

Summary. The Executive Office of Commerce requests total expenditures of \$67.7 million for FY 2020, including \$38.5 million from general revenues, \$17.5 million from federal funds, \$4.8 million from restricted receipts, and \$7.0 million from other sources. The request is \$11.2 million more than the enacted budget, including \$8.2 million more from general revenues. The Office requests 17.0 full-time equivalent positions, 1.0 position more than the authorized level.

The Governor recommends \$68.2 million from all sources, which is \$11.7 million more than enacted, including \$5.1 million more from general revenues and staffing of 18.0 full-time equivalent positions, two more than the authorized level. The recommendation is \$0.5 million more than requested, including \$3.1 million less from general revenues. This includes \$0.1 million of statewide savings, noted below where appropriate.

Target Issues. The Budget Office provided the Office with a general revenue target of \$37.5 million. The amount includes current service adjustments of \$7.9 million and a 5.0 percent target reduction adjusted for

certain exclusions of \$0.7 million. The Executive Office did not submit a constrained budget request. *The Governor's recommendation is \$2.1 million less than the target.*

FY 2020 Budget	Budget Office	Exec. Office of Commerce	Difference
FY 2019 Enacted	\$ 30,289,375	\$ 30,289,375	\$ -
Current Service Adjustments	7,852,257	8,032,989	180,732
New Initiatives	-	158,845	158,845
Change to FY 2019 Enacted	\$ 7,852,257	\$ 8,191,834	\$ 339,577
FY 2020 Current Service/Unconstrained Request	\$ 38,141,632	\$ 38,481,209	\$ 339,577
Target Reduction/Initiatives	(681,244)	-	681,244
FY 2020 Constrained Target/Request	\$ 37,460,388	\$ 38,481,209	\$ 1,020,821
<i>Change to FY 2019 Enacted</i>	\$ 7,171,013	\$ 8,191,834	\$ 1,020,821

Centralized Services. The Executive Office requests the enacted amount of \$0.3 million from general revenues for its share of centralized services. This request includes \$0.3 million for facilities management, \$23,985 for human resources and \$21,570 for information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The state uses internal service funds to reimburse one agency for services provided to another. The request is \$19,988 more than actual FY 2018 expenditures, including \$9,566 more for facilities management, \$2,475 more for human resources, and \$2,947 more for information technology support.

The Governor's recommendation is \$91,217 less than enacted, including \$98,569 less for facilities management and \$7,352 more for information technology based on billings through November and December.

I-195 Redevelopment Fund. The Office's request excludes \$1.0 million from general revenues assumed in the enacted budget for real estate development incentives for construction on former I-195 land, consistent with Budget Office current service projections. The 2015 Assembly created the I-195 Redevelopment Project Fund, to be administered by the I-195 District Commission to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The FY 2016, FY 2018, and FY 2019 budgets included a total of \$28.0 million from general revenues to support the Fund; funding is available until exhausted or the program ends. The Commission has active commitments of \$23.6 million as of December 2018.

During FY 2017, Wexford Science and Technology was awarded \$19.8 million; the Commission also approved \$3.0 million to National Grid for infrastructure improvements including burying power lines, screening a nearby transformer yard, and adding walkways between the nearby South Station Landing, city walkways, and the new parks, and \$0.3 million for land improvements for a local seafood concession, event venue and public space to begin to attract attention and interest to the developing project land. The FY 2018 enacted budget included a new \$2.0 million appropriation to replenish the Fund; FY 2019 included an additional \$1.0 million. During FY 2018 the Commission approved \$0.4 million for art installations, streetscape improvements, and programming to bring additional activity to the area. As of December 2018, the estimated available funding is \$5.6 million, including \$1.3 million of previously committed funding for which actual expenditures were lower than anticipated.

The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends \$1.0 million from general revenues to bring total funding to \$29.0 million. She also includes legislation to extend the sunset date to December 31, 2023. Proposed changes to the Rebuild Tax Credit program would allow separate buildings for the same project on the I-195 land to be subject to separate \$15.0 million project caps.

Rebuild Rhode Island Tax Credit. The Office requests \$20.0 million, \$8.8 million more than enacted for the Rebuild Rhode Island Tax Credit program, a real estate development tax credit for qualified construction, consistent with Budget Office current service projections. The enacted budget includes \$11.2 million for FY 2019 in addition to the enacted appropriations for FY 2016 through FY 2018 which totaled \$38.5 million to provide funding for tax credits to be redeemed over time.

The 2016 Assembly capped the total amount of credits awarded under the program at \$150.0 million. Credits valued between 20.0 and 30.0 percent of qualified project costs up to a maximum of \$15.0 million are available to projects that have demonstrated a gap between available funding and total estimated project cost. The Rebuild Rhode Island Tax Credit also includes the option to offer a sales tax exemption; that exemption is neither subject to the \$150.0 million cap, nor reimbursed by the fund.

Projects that include historical structures, affordable housing, public transit, and other factors may receive increased credits, at the discretion of the Commerce Corporation. Beginning in FY 2017, the Corporation and the Division of Taxation must report annually on credits assigned, credits taken, and the measurable impacts of the program. As of December 2018, the Commerce Corporation has 30 active approved awards, valued at \$104.4 million, with corresponding sales tax exemptions totaling \$40.7 million.

The design of the program is to forward fund credits, thereby, creating a lesser burden on state sources when those credits begin to be redeemed in the future; the program has existing tax credits obligated to awardees totaling \$104.4 million and redemption of current project credits through at least FY 2036. Total appropriations are \$49.7 million to begin to repay the credits; if approved, the request brings the total available funding to \$69.7 million.

The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends \$15.0 million from general revenues to bring total funding to \$64.7 million. The Governor also includes Article 12 of 2019-H 5151 to develop a distinct application process for projects that include historic structures, manufacturers, or affordable or workforce housing. Projects with historic structures or a manufacturer would be exempt from the minimum project cost and square footage requirements. It would also allow separate buildings for the same project on the I-195 land to be subject to separate \$15.0 million project caps. It also allows the Commerce Corporation to charge funds set aside for the credits up to \$250,000 for technical assistance to applicants and includes language to extend the sunset date to December 31, 2023.

Industry Cluster Grants. The Office requests \$0.1 million for the Industry Cluster program to provide Rhode Island businesses with 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 FY 2019 enacted budget adds \$0.1 million to the \$1.3 million provided in the FY 2016 and FY 2017 enacted budgets; no funding was included in the FY 2018 budget. The request is to provide additional resources to the program; it has awarded \$1.2 million as of December 2018, with approximately \$186,360 of funding available for future awards.

These grants became available in November 2015. During FY 2016 the program had awarded \$0.7 million of grant funds against \$0.8 million of matching resources to seven awardees, to capitalize \$1.5 million in

project costs. For FY 2017, the program awarded \$0.3 million to three recipients with \$0.2 million of matching resources to capitalize \$0.6 million in project costs; two of the three recipients also received awards under this program in FY 2016. The Commerce Corporation awarded one grant of \$85,000 in July 2018. The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends \$0.1 million from general revenues. She also includes legislation to extend the sunset date to December 31, 2023.

Innovation Initiative. The Office requests \$1.0 million from general revenues to support the innovation voucher and network matching grant initiatives. Vouchers are for small businesses with less than 500 employees to facilitate the purchase of research and development support from the state's institutions of higher education and other providers through vouchers ranging from \$5,000 to \$50,000 per business. The 2017 Assembly amended the legislation to allow awards made to small business manufacturers to support internal research and development. Network matching grants are available for specified industries for technical assistance or access to capital.

Over the prior two years the program has averaged 24 vouchers each year and given a total of seven matching grant awards. The program has made a total of 61 vouchers to 53 recipients, including three awards totaling \$0.1 million in July 2018 with awards averaging \$45,706, and 11 matching grants to 9 recipients averaging \$116,273.

The FY 2016 through FY 2018 enacted budgets provided total appropriations of \$3.5 million. The 2018 Assembly provided an additional \$1.0 million for FY 2019. The program has received total appropriations of \$4.5 million; the Corporation has awarded \$4.1 million against it as of December 2018, leaving \$0.4 million available. The Corporation has reported that there is not a set distribution of funding between the two aspects of the Innovation Initiative. The funding is distributed between the programs based on the level of demand and quality of the applications received.

The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends funding as requested. She also includes legislation to extend the sunset date to December 31, 2023.

P-Tech Initiative. The Office requests \$0.2 million from general revenues for the High School, College, and Employer Partnerships program, which supports partnerships among high schools, the Community College of Rhode Island, other institutions of higher education, and employers to offer courses towards high school diplomas, internships, and associate degrees. The legislation requires that the Corporation annually report the amount of grants and matching funds awarded; for FY 2018 no new programs were established despite having resources for three programs.

The Commerce Corporation Board of Directors approved funding to three districts, Newport, Providence, and Westerly in FY 2016, and extended funding to three more programs in FY 2017; North Providence, Woonsocket, and William M. Davies Jr. Career and Technical School. The Board also approved an allotment to the Community College of Rhode Island for administrative purposes related to its participation in the program; during FY 2018 it increased the allotment from \$100,000 to \$150,000. The awards total \$1.3 million of the \$2.3 million appropriated in the FY 2016, FY 2017, and FY 2019 enacted budgets. The Corporation allocates expenses for program administration to support Corporation staff.

The requested funds are equivalent to one new program. For FY 2019, after accounting for the Corporation's annual administrative allotment, the program is estimated to have nearly \$0.8 million in available award funding which should be sufficient to establish three new programs as each program award has been for \$0.2 million.

The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends funding as requested. She also includes legislation to extend the sunset date to December 31, 2023.

Main Street Streetscape Improvement Fund. The Office requests \$0.5 million from general revenues for streetscape improvements. The Commerce Corporation is authorized 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 2015 and 2016 Assemblies appropriated \$1.0 million in each year, and the 2017 Assembly and 2018 Assembly each included an additional \$0.5 million. The Corporation awarded the FY 2016 and FY 2017 funding in the spring of each fiscal year; it did not award any funding in FY 2018 but had \$0.5 million available. On October 29, 2018 the Governor held a press conference to announce that a third round of grants had been awarded, though it should be noted that the Corporation's Board did not hold a vote to approve the awards in an open meeting until November 19, 2018, three weeks after the announcement.

The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date. *The Governor's recommendation excludes this funding.*

Small Business Promotion. The Office requests the enacted level of \$0.3 million from general revenues to support the small business promotion program, known as SupplyRI. The Corporation approved the program in December 2017 with a budget \$325,000 including \$140,000 from the Corporation's resources and \$185,000 from non-state sources. The 2018 Assembly provided \$300,000 to support the program.

In support of its original request the Office reported the intent is to create a permanent program at the Commerce Corporation with the infrastructure for the program hosted by a partner of the Corporation intended to increase in-state procurement from large purchasers by creating a platform to connect large buyers with small suppliers and provide training to help small suppliers compete for business from large suppliers. As presented to the Corporation's Board, the larger participating companies would collaboratively work to plan events and training programs for smaller companies with the infrastructure for the program hosted by a partner of the Corporation. *The Governor recommends funding as requested.*

Small Business Assistance Program. The 2015 Assembly authorized a Small Business Assistance Program from \$5.5 million made available from debt restructuring to establish a fund to support businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The act required 10.0 percent of the funding to be set-aside for a microloan program administered by a third party with expertise in microloans. The legislation also included a \$750,000 cap for any one business, a sunset date of December 31, 2018 and annual reporting requirements.

The Governor's FY 2019 recommended budget included \$0.5 million from general revenues to recapitalize the program, and included language to allow the amount reserved for microloans to range between 10.0 percent and 25.0 percent, eliminate the sunset provision, and expand the reporting requirements for the

fund's use and impacts. The 2018 Assembly concurred with the proposed change to the reserve funding range, but did not provide any new funding. It also extended the sunset provision until June 30, 2020.

The Governor's budget includes \$750,000 from general revenues. She again includes legislation to eliminate the sunset provision.

Research and Development Tax Credit. The state has an existing research and development tax credit program first enacted by the 1994 Assembly. Under the current program, credits may not reduce a filer's tax liability by more than 50.0 percent and are not refundable; however, they may be carried forward for a period of seven years following issuance.

The Governor's budget includes Article 12 of 2019-H 5151 to establish a transferrable tax credit for qualifying research investments. The credit would be equivalent to 22.5 percent of the qualified expense. The legislation caps the total amount awarded within a single year at \$1.3 million, but does not include a per-award cap. The budget treats this as a \$1.3 million revenue reduction.

Streamline, Simplify and Site Improvement. The Governor's FY 2019 budget recommendation included \$0.2 million from general revenues for a new program to be administered by the Commerce Corporation to develop an inventory of pad ready industrial sites capable of supporting large scale facilities to demonstrate the state's capacity for growth. The Corporation would have been permitted to make grant awards to qualified consultants, engineers, or professionals to undertake due diligence activities at qualified sites. The Assembly did not concur.

The Governor's budget includes \$3.3 million for a program jointly administered by the Executive Office of Commerce and the Department of Business Regulation. To support the initiative, the Governor recommends \$2.7 million, including \$1.7 million from general revenues and \$1.0 million from Rhode Island Capital Plan funds for the Executive Office and adds 2.0 full-time equivalent positions. She also includes language in Article 12 of 2019-H 5151 to establish a new quasi-public corporation, the State and Local Partnership Council, under the Commerce Corporation to provide municipalities with training, investments, and authority to expedite development. The Council would have equal rights and authority to the Quonset Development Corporation, including the issuance of public debt.

Other Commerce Programs

Wavemaker Fellowships. The Office requests the enacted level of \$1.6 million from general revenues for a student loan repayment tax credit program for graduates of accredited institutions of higher education who receive an associate's, bachelor's or master's degree and who remain in, become a resident of, and are employed within the state in the fields of life, natural or environmental sciences; computer, information or software technology; engineering or industrial design; and medicine or medical device technology. Compared to the average cohort award of \$1.7 million; the request reflects a second year of funding for a fourth cohort, and partial year funding of a fifth cohort.

The amount of the tax credit is up to a maximum of \$1,000 for an associate's degree, \$4,000 for a bachelor's degree and \$6,000 for a graduate degree for up to four years. The legislation requires that the Commerce Corporation reserve 70.0 percent of the awards per calendar year to permanent residents of the state. It also requires that recipients must work at least 35 hours per week for an employer located in the state, which is defined as having at least 51.0 percent of its employees located in the state.

The program allows for up to four years of reimbursements to awardees. The Corporation has awarded three, two-year cohorts of 208, 219, and 240 Fellowships for the FY 2016 through FY 2018 period; with estimated redemptions of \$1.7 million each for FY 2019 and FY 2020, to correspond to the applicable tax years. The program has been provided \$6.2 million in total funding across the FY 2016 through FY 2019

enacted budgets, and has awarded \$5.1 million to three cohorts of fellows, and the Corporation allocates staffing costs for a program director. Accounting for the staffing costs, the program should have \$0.7 million in uncommitted funding from which to make awards to a fourth cohort beginning in FY 2021; more funds may be available if the current awards pay out at less than their maximum awards.

The 2018 Assembly extended the program's sunset date from December 31, 2018 to June 30, 2020, after the issuance of the state's next long-term economic development vision and policy, as required by statute. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends \$0.4 million less than requested. She also includes legislation to extend the sunset date to December 31, 2023 and define eligible businesses to include various financial institutions and pass-through companies.

Air Service Development Fund. The Office requests the enacted level of \$0.5 million from general revenues to provide direct marketing expenditures, revenue guarantees, and/or other support for the Air Service Development Fund. This support is designed to incentivize additional direct air service to and from major metropolitan areas via T.F. Green Airport. The FY 2017 through FY 2019 enacted budgets include appropriations totaling \$2.5 million to support the fund.

The Air Service Development Council approved a memorandum of agreement with the Rhode Island Airport Corporation to administer and disburse the fund to carriers. *The Governor's recommendation excludes the request for funding; however, the budget does include legislation to extend the sunset date to December 31, 2023.*

Quasi-Public Appropriations

Commerce Corporation Operations. Consistent with the enacted budget, the Office requests \$7.5 million from general revenues for Commerce Corporation's operations. The Corporation's budget includes base funding of \$4.9 million to support salary and benefit costs for 63.0 full-time equivalent positions and includes performance and promotional increases, but does not include across the board cost-of-living adjustment for current employees as in previous years. The Corporation's budget also includes \$3.6 million for operational expenses for its Business Development, Client Services, Financial Services, Investments, and Marketing and Communications activities.

Though not a direct appropriation, the Commerce Corporation also receives a share of the 5.0 percent Hotel Tax to support tourism and marketing. Though its share has changed several times, this source has shown positive annual growth. The Corporation received \$6.4 million from Hotel Tax proceeds in FY 2018 and \$4.9 million in FY 2017. FY 2019 and FY 2020 proceeds will likely exceed \$6.0 million.

The Governor recommends \$115,392 more than requested.

I-195 Redevelopment District Commission. The Office's request includes the enacted amount of \$761,000 from general revenues for operational needs of the I-195 Redevelopment District Commission. The Commission was created by the 2011 Assembly as the responsible authority for the sale, marketing and oversight of land made available as a result of the relocation of Interstate 195.

The request is consistent with prior appropriations. Current Commission staffing includes an executive director, an operations manager and a senior project manager position. The Commission's FY 2017 and FY 2018 request included funding for a new senior project manager position; funding for the position was not included in the final appropriations act. The Commission reported its staffing was inadequate to meet the workload demands; the position was filled during the first half of 2017, prior to passage of the budget.

The Commission reported that with the launch of the new parks on the I-195 land it anticipated requesting a new position and an increased appropriation with the position intended to be filled in January prior to passage of the budget. It is unclear why the request does not increase funding for those initiatives. *The Governor recommends funding as requested.*

Polaris Manufacturing Extension Partnership. The Office requests the enacted level of \$350,000 from general revenues for the Polaris Manufacturing Extension Partnership. Polaris is a Providence-based nonprofit organization that provides support to manufacturers within the state through training and consultation for sustainable growth, innovative technology strategies and cost efficient operations, and talent development.

Polaris also supports the economic development initiatives of the Office and the Commerce Corporation by gathering industry-specific information to inform policy initiatives. The Office reports it anticipates additional state support will increase the number of manufacturers served, and allow Polaris to leverage additional federal funds through the National Institute for Standards and Technology, National Manufacturing Extension Partnership program. *The Governor recommends funding as requested.*

Small Business Innovation Research. The Office's request includes the enacted level of \$1.0 million from general revenues to support the Innovate RI Small Business Fund and the Bioscience and Engineering Internship Programs. The Science and Technology Advisory Council developed guidelines to administer the programs. To be eligible, a business must meet the following conditions: be a Rhode Island-based business with 50 or fewer employees and have at least 51.0 percent of its employees residing in the state. A business must also certify that at least 51.0 percent of its research will be conducted in the state.

Pursuant to the guidelines, an applicant may receive a matching grant of 30 percent of the amount of the recipient's federal award with a maximum matching grant not to exceed \$45,000 for a phase I award and a 10.0 percent match up to \$0.1 million for phase II awards. *The Governor recommends funding as requested.*

Urban Ventures. The Office requests \$140,000 from general revenues to support an Urban Business Incubator, operated by Urban Ventures, a 501(c)(3). The state is required to support an urban business incubator by statute. Urban Ventures was previously funded through the community service grant program. The 2016 Assembly ended that program and no funding was provided for Urban Ventures in the FY 2017 enacted budget. The Corporation reports it is funding the incubator on a reimbursement basis, and for FY 2018, the incubator only submitted \$109,012 of reimbursable expenses.

The incubator is designed to assist and support entrepreneurial activities by minority and low or moderate income persons, and to assist urban communities and neighborhoods where there is insufficient economic and business investment to revitalize their local economies. Rhode Island General Law, Section 42-64-13.1 provides for the establishment of an urban enterprise equity fund and an annual appropriation to the urban business incubator. *The Governor's recommendation excludes this funding but does not repeal the statute. The plan to meet the statutory standard is not identified.*

Pay for Success. The Harvard Kennedy School Government Performance Lab consults on how governments can improve performance results for various types of public programs. Pay for Success is a model that seeks to use public-private partnerships and outcome based payment models to improve services. The FY 2018 enacted and the FY 2019 recommended budgets included \$0.3 million from general revenues to fund a Pay for Success Pilot program, intended to increase employment and reduce recidivism of formerly incarcerated individuals. Subsequent to a contract being awarded the Administration reported it was rescinded due to lack of participants.

The Governor recommends \$0.5 million to secure a \$1.0 million federal grant and leverage private funding to assist homeless, high-Medicaid users with permanent supportive housing. The budget anticipates requiring \$6.2 million over the course of multiple years, apparently from privately raised sources.

Other Pass-Through Initiatives. The Office requests \$2.4 million from general revenues for several pass-through initiatives that are part of the Commerce Corporation's budget but are not part of its core operations. *The Governor recommends \$262,500 less than requested for these initiatives as noted among the following items.*

Science and Technology Advisory Council. The Office requests the enacted amount of \$0.9 million for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research. Initially, this was a three-year commitment, which ended in FY 2011; FY 2015 marked the last year of the second five-year commitment. In FY 2015, the Science and Technology Advisory Council submitted an application to continue the program, which requires state support for FY 2016 through FY 2020. Funding provides the state match to federal grant awards to establish a partnership between state government, higher education and industry to effect lasting improvements in research infrastructure and national research and development competitiveness. *The Governor recommends funding as requested.*

Airport Impact Aid. The Office requests the enacted amount of \$1.0 million from general revenues passed through to communities that host the state's airports. There are six airports in Rhode Island located in Warwick, New Shoreham, Middletown, Smithfield and Lincoln, North Kingstown, and Westerly. The community payments are made proportionally based on the number of total landings and takeoffs.

The Assembly annually authorizes 60.0 percent of the appropriated funds that shall be distributed to each airport serving more than one million passengers based upon its percentage of the total passengers served by all airports serving more than one million passengers. The remaining 40.0 percent is distributed to North Central, Newport-Middletown, Block Island, Quonset, T.F. Green and Westerly based on the shares of total takeoffs and landings during calendar year 2018. Each airport shall make payment to the cities or towns in which any part of the airport is located within 30 days of receipt of payment from the Corporation and each community shall receive at least \$25,000.

The Governor recommends \$262,500 less than requested. Her budget also removes the guaranteed \$25,000 minimum payment for each eligible community.

Chafee Center. The Office requests the enacted amount of \$476,200 from general revenues for the Chafee Center at Bryant University. The Chafee Center is the state's designated State International Trade Office; the Office's request is intended to provide additional matching support for its State Trade Expansion Promotion program to increase the value of small and medium business' international exports.

The Chafee Center had been funded at \$376,200 from FY 2016 to FY 2018; the 2018 Assembly included an additional \$0.1 million for FY 2019. *The Governor recommends funding as requested.*

Executive Office

Small Business Ombudsman. Consistent with the revised request, the Office requests \$158,845 more than enacted from general revenues to fund the cost allocation for the Regulatory Reform's Small Business Ombudsman which is assumed to be paid from Commerce Corporation resources in the enacted budget. The 2018 Assembly concurred with the Governor's recommendation to allocate the cost to the Commerce Corporation, though the position authorization remains with the Department of Administration. The Executive Office requests funding to cover the cost allocation effectively lowering Corporation expenses. *The Governor's recommendation does not provide funding for this position in the Executive Office; however, it does move the authorization for the position from the Office of Regulatory Reform to the*

Department of Business Regulation in support of the Streamline, Simplify and Site Improvement initiative noted previously. The position is still assumed to be funded by the Commerce Corporation.

Personnel and Operations. The Executive Office requests \$0.9 million, \$76,699 more than enacted from general revenues for personnel expenditures and 5.4 full-time equivalent positions, 1.1 positions more than the authorized level. This includes the restoration of an unfunded vacancy that was eliminated as part of the enacted budget. Consistent with the revised request, this level of funding assumes an increased allocation of the financial services position shared with the Office of Housing and Community Development from 25.0 percent to 38.0 percent. The request fully funds its other currently funded 3.0 full-time equivalent positions. The request assumes turnover savings equivalent to two positions. *The Governor recommends funding as requested. The recommendation includes \$222 statewide benefit savings and \$3,438 of savings from a statewide initiative to reduce the cost of certain commodities, offset by \$5,061 more for rental expenses.*

Housing and Community Development

Neighborhood Stabilization Grant. Consistent with the revised request, the Office requests \$1.0 million more than enacted from federal funds to use for federal Neighborhood Stabilization Program eligible activities. The Neighborhood Stabilization Program provides emergency assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008. *The Governor recommends funding as requested.*

Housing Opportunities for Persons with AIDS. Consistent with the revised request, the Office requests \$0.6 million more than enacted from federal funds to reflect the transfer of the administration of federal Housing Opportunities for Persons with AIDS grant from Rhode Island Housing to the Office of Housing and Community Development to consolidate the homelessness and supportive housing initiatives within the state at the Office. It intends to maintain the support for existing program recipients until the state is able to implement a competitive application process with the intent of assuring the most effective and efficient use of funding.

Housing for Persons with AIDS is the only federal program dedicated to the housing needs of low-income people living with HIV and AIDS. An essential component to providing housing assistance for this population is the coordination and delivery of support services. As such, these funds may also be used for services including, but not limited to, assessment and case management, substance abuse treatment, mental health treatment, nutritional services, job training and placement assistance. *The Governor recommends funding as requested.*

Housing and Community Development Salaries and Benefits. The Office requests \$1.3 million for salaries and benefits for 11.6 full-time equivalent positions in the Office of Housing and Community Development. This is 0.2 full-time equivalent positions less than enacted to reflect a lower apportionment of the position shared with the Executive Office.

The request is \$0.2 million more than enacted from all funds, including \$156,290 more from general revenues, and \$8,167 less from federal funds. The changes reflect a shift of 0.9 full-time equivalent positions from federal Community Development Block Grant funding to general revenues, a reduction in the allocation of the shared services position from 75.0 percent to 62.0 percent and includes turnover savings equivalent to one position. The Office reports the request reflects actual time spent between general revenue funded and federally funded grant funded activities. This is consistent with changes requested in the revised budget based on FY 2018 actual expenditures. *The Governor recommends \$148,005 more than enacted including \$20,272 more from general revenues and \$0.1 million more from two federal grant sources. The*

recommendation assumes that anticipated staffing changes will allow for the current distribution of fund sources to be adequate. The Executive Office's second quarter report continues to project a \$0.1 million general revenue deficit. It should also be noted that some positions are supported in part by federal grants due to sunset in the near future.

Housing and Community Development Operations. The Office requests \$12.7 million from all sources for other Housing and Community Development program expenses. This includes \$10.5 million from federal Community Development Block Grants, which is \$3.5 million more than enacted primarily to reflect new award amounts. The request includes the enacted amount of \$2.1 million from federal emergency shelter grant programs under the Consolidated Homeless Housing Fund, including the enacted amount of \$15,556 from general revenues and \$4,408 from restricted receipts for computer equipment.

The Governor recommends funding as requested and includes savings \$3,699 from two separate statewide initiatives to reduce the cost of certain commodities.

Disaster Recovery Grants. The Office requests \$2.7 million, \$2.0 million less than enacted from federal Community Development Block Grant Disaster Recovery funds. The request reflects available funding as the grant exhausts its resources. *The Governor recommends funding as requested.*

Lead Abatement and Housing Rental Subsidies. The Office requests the enacted amount \$4.8 million from restricted receipts in support of Lead Abatement and Housing Rental Subsidies. The 2014 Assembly adopted legislation to increase the real estate conveyance tax from \$2.00 to \$2.30 per \$500 or fractional part paid for the purchase of property conveyed for more than \$100. The fee increase will provide a permanent stream of funding to be used by the Housing Resources Commission for lead abatement, rental subsidy and shelter operations. The 2015 Assembly further amended the statutes to essentially extend the real estate conveyance tax and its existing distribution of proceeds to the sale of a controlling interest in a business entity that holds interest in the property.

Using the November 2018 Revenue Estimating Conference estimate the state anticipates receipts of \$16.7 million from the tax for FY 2019 and \$15.5 million for FY 2020. It can be estimated that \$5.6 million will be available for the current year and \$5.2 million will be available in FY 2020. *The Governor recommends funding as requested; however, additional funding should be available.*

Capital Projects. The Office requests the enacted amount from Rhode Island Capital Plan funds, including \$4.0 million for the Quonset Point infrastructure improvements including increasing roadway crossing capacity and utility relocation for additional future development of heavier shipping weights, construction of a new pier and dredging a new approach to that pier; \$2.7 million to the Quonset Development Corporation to refurbish and build an extension on Pier 2 at the Port of Davisville; and \$0.3 million for the I-195 Commission. Compared to the Office's capital request, this is \$0.6 million less for the I-195 Commission and \$2.3 million less for the Quonset Pier 2 project.

The Governor recommends \$2.5 million more than enacted, including \$2.3 million more for the Pier 2 project at the Port of Davisville consistent with its capital request, and \$150,000 more for the I-195 Redevelopment Council. A detailed analysis of these projects is included in the Capital Budget section of this publication.

Department of Labor and Training

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 2,149,403	\$ 1,042,673	\$ 4,749,203	\$ 1,019,628
Workforce Development Services	55,264,995	54,834,285	49,428,574	49,450,814
Workforce Regulation and Safety	3,110,964	4,375,857	4,928,228	3,231,560
Income Support	388,318,417	375,451,052	386,315,900	389,565,572
Injured Workers Services	8,956,311	10,102,413	10,573,722	10,573,722
Labor Relations Board	414,147	471,970	485,981	441,669
Total	\$ 458,214,237	\$ 446,278,250	\$ 456,481,608	\$ 454,282,965
Expenditures by Category				
Salaries and Benefits	\$ 42,375,744	\$ 41,298,746	\$ 45,655,194	\$ 46,637,422
Contracted Services	4,920,844	4,888,939	4,528,075	4,484,541
Subtotal	\$ 47,296,588	\$ 46,187,685	\$ 50,183,269	\$ 51,121,963
Other State Operations	12,809,194	13,609,373	10,806,195	11,500,916
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	390,122,882	378,446,630	383,277,193	383,275,525
Capital	1,376,312	160,301	3,990,690	160,300
Capital Debt Service	-	-	-	-
Operating Transfers	6,609,261	7,874,261	8,224,261	8,224,261
Total	\$ 458,214,237	\$ 446,278,250	\$ 456,481,608	\$ 454,282,965
Sources of Funds				
General Revenue	\$ 14,464,955	\$ 15,848,041	\$ 17,625,331	\$ 15,813,787
Federal Aid	40,753,823	45,437,758	38,564,742	39,989,080
Restricted Receipts	38,975,091	30,272,325	30,426,981	32,453,432
Other	364,020,368	354,720,126	369,864,554	366,026,666
Total	\$ 458,214,237	\$ 446,278,250	\$ 456,481,608	\$ 454,282,965
FTE Authorization	409.7	409.7	409.7	451.7

Summary. The Department requests \$456.5 million from all fund sources, which is \$1.7 million less than enacted, including \$3.2 million more from general revenues, \$2.2 million less from federal funds, \$8.5 million less from restricted receipts, and \$5.8 million more from other funds. The request includes 409.7 full-time equivalent positions, which is consistent with the enacted authorization.

The Governor recommends \$3.9 million less than enacted from all sources, including \$1.3 million more from general revenues. The recommendation is for 451.7 full-time equivalent positions which reflects the transfer of the Employer Tax Unit's 37.0 positions from the Department of Revenue as well as 5.0 new positions related to a proposed assessment on employers whose employees are on Medicaid. This includes \$63,587 of statewide savings, noted below where appropriate.

Target Issues. The Budget Office provided the Department with a general revenue target of \$14.1 million. The amount includes current service adjustments of \$127,770 and a 5.0 percent target reduction of \$0.5 million, adjusted for certain exclusions. The Department did not submit a constrained budget request. *The Governor's recommendation is \$1.7 million above the target.*

FY 2020 Budget	Budget Office		DLT	Difference		
FY 2019 Enacted	\$	14,464,955	\$	14,464,955	\$	-
Current Service Adjustments		127,770		2,374,974		2,247,204
New Initiatives		-		785,402		785,402
<i>Change to FY 2019 Enacted</i>	\$	<i>127,770</i>	\$	<i>3,160,376</i>	\$	<i>3,032,606</i>
FY 2020 Current Service/ Unconstrained Request	\$	14,592,725	\$	17,625,331	\$	3,032,606
Target Reduction/Initiatives		(489,328)		-		489,328
FY 2020 Constrained Target/Request	\$	14,103,397	\$	17,625,331	\$	3,521,934
<i>Change to FY 2019 Enacted</i>	\$	<i>(361,558)</i>	\$	<i>3,160,376</i>	\$	<i>3,521,934</i>

Staffing. The Department requests \$45.7 million, or \$3.3 million more than enacted from all sources, for staffing costs in its FY 2020 request. By source this includes \$6.2 million from general revenues, \$2.9 million more than enacted; \$19.7 million from federal funds, or \$1.1 million less than enacted; \$12.4 million from restricted receipts, or \$2.4 million more than enacted; and \$7.3 million from other funds, or \$1.0 million less than enacted. The enacted budget contains funding for approximately 395.7 full-time equivalent positions. The request reflects funding for approximately 408.7 positions, or 13.0 more than the enacted level. The Department had 18.0 employees opt to retire through the voluntary retirement incentive program; however, none of the savings was budgeted to carry into FY 2019. The Department has 386.6 filled full-time equivalent positions as of the pay period ending November 24, 2018. Like the revised request, the FY 2020 request also reflects staff allocation changes.

The Department's request reflects additional general revenue support for both the income support and workforce regulation and safety programs. The Department's spending commitment for the administration of unemployment has been greater than available federal funds for several years; the Department was offsetting the costs to other fund sources. As federal resources for the administration of unemployment have continued to decrease, the Department has not reduced spending. During FY 2017, the Department attempted to repurpose \$2.0 million of funding from the employment security trust fund for administrative purposes under Reed Act provisions but was denied by the United States Department of Labor. Without the repurposed funding and with other departmental sources budgeted for other purposes, the unemployment administration overspent FY 2017 by \$1.8 million. This overspending was not assigned to available general revenues at the time as the Controller was told there would be funds to cover the overspending and booked a receivable. This spending pattern continued into FY 2018. Following the end of the fiscal year, the Controller used \$3.7 million from general revenues to cover the gap in funding. For FY 2019, the over-commitment is still present for the first quarter based on actual expenditures.

The Governor recommends \$4.3 million more than enacted from all sources which includes \$0.5 million from general revenues. The recommendation transfers 37.0 full-time equivalent positions from the Department of Revenue to the Department for the collection of taxes associated with temporary disability insurance, employment security, and the Job Development Fund effective October 1, 2019. The recommendation also includes 5.0 new full-time equivalent positions associated with the collection of the Medicaid assessment proposal which 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 recommendation does not include the additional general revenues for either income support or workforce regulation and safety. For the former, the recommendation does not support the current level of staffing, which appears to exceed available and recommended resources. For the latter, the FY 2019 revised recommendation includes additional funding to support workforce regulation and safety; as the FY

2020 recommendation does not include this funding, it appears to assume nearly ten positions would become vacant during FY 2019 and remain so by FY 2020.

Employer Tax Collection (37.0 FTE). The primary goal of the Department of Revenue's employer tax positions is to provide and account for the funding needed to pay Unemployment Insurance benefits to eligible jobless workers and Temporary Disability Insurance benefits to eligible workers idled by non-work-related injuries or illnesses. The Employer Tax Section processes all quarterly tax and wage reports and accompanying tax payments, submitted by Rhode Island employers. These payments include all required Employment Security, Job Development Fund, Reemployment Fund and Temporary Disability Insurance taxes. *The Governor recommends transferring 37.0 full-time equivalent positions from the Department of Revenue to the Department as well as \$3.5 million from all sources, which includes \$1.4 million from federal funds and \$2.0 million from restricted receipts, to support the staffing and operations of the division. The transfer is proposed to create efficiencies and align the fund source and responsibilities with its historical location in the Department. It should be noted that \$1.0 million of the recommendation from restricted receipts is for temporary disability and temporary caregiver responsibilities; as such, this should be budgeted as other funds.*

Medicaid Assessment Positions (5.0 FTE). The Rhode Island Medical Assistance Program, also known as Medicaid, is a federal and state funded program that pays for medical and health related services for eligible Rhode Islanders. This includes inpatient and outpatient hospital care, preventive services, durable medical equipment, and many more services and benefits. Medicaid offers coverage for low-income families with children, pregnant women, elders and persons with disabilities and special needs who otherwise might not be able to pay for or get access to affordable health care. Rhode Island also took the option under the federal Affordable Care Act of 2010 to expand Medicaid to adults between the ages of 19 and 64 at or below 138 percent of federal poverty with the federal government covering most of the cost.

The Governor's recommendation includes a proposal in Article 16, Section 4 of 2019-H 5151 to impose 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. The budget assumes this proposal would generate \$15.6 million for use as general revenues. The Governor recommends \$1.1 million from general revenues for 5.0 full-time equivalent positions, operations, and administrative costs of the unit associated with the collection of the assessment within the Department of Labor and Training, consistent with her proposal to shift responsibilities of employer tax collection to the Department. It should be noted that this recommendation includes \$0.2 million for centralized services associated with these positions; it is unclear how the estimate for these services was reached.

Work Immersion/Non-Trade Apprenticeship Program. The Department requests the enacted level of \$0.7 million from general revenues for the work immersion/non-trade apprenticeship program, which was underspent by \$0.1 million in FY 2018. The program provides students, recent college graduates, and unemployed adults with meaningful work experience and assists employers by training individuals for potential employment. Of the final appropriation of \$748,334 for FY 2018, \$640,921 was spent on the program, which is \$63,596 less than the enacted level for FY 2019. *The Governor recommends funding as requested and includes \$441 in savings from a statewide initiative to reduce the cost of certain commodities.*

Real Jobs Rhode Island. The Department requests \$12.7 million, or \$5.9 million more than enacted from federal funds, for the Real Jobs Rhode Island program. The request includes \$5.5 million from general revenues, \$0.5 million more from the America's Promise grant to reflect expected carry-forward funding, and the exclusion of \$0.2 million of sector partnership emergency grant funds to reflect the grant's expiration. The request also includes \$0.4 million from a new opioid grant, and \$2.6 million from a new economic transition grant. The additional federal funds will be used to continue supporting partnerships and supplement \$3.7 million from Governor's Workforce Board restricted receipts. These restricted receipts are the expected additional funding generated for FY 2020 by the tax assessment alteration

contained in Article 11 of 2018-H 7200, Substitute A, as amended. That provision amends the Job Development Fund to allow a portion of the fund to support employment security and employment services as a one-time occurrence for tax year 2019. This will provide approximately \$6.7 million in additional restricted receipts for use by the Department for the Real Jobs program over FY 2019 and FY 2020.

The Governor recommends funding as requested. It should be noted that the Governor also includes a proposal in Article 5, Section 5 of 2019-H 5151 to extend the Job Development Fund assessment to include non-profit, non-governmental entities employing 1,000 individuals or more beginning January 1, 2020. This is estimated to impact 11 employers and generate approximately \$1.2 million for the fund in the first full year. Based on the effective date of the proposal, the first receipts would not be until the fourth quarter of FY 2020 and be approximately \$0.3 million. Supporting documents indicate the additional funding is intended to support Real Jobs Rhode Island; however, the budget does not assume the increased receipts.

Grant Unit (3.0 FTE). The Department requests \$0.3 million from federal funds and Governor's Workforce Board restricted receipts to repurpose 3.0 vacant positions within its enacted authorization into a grant unit. The grant unit would consist of 2.0 principal auditors and 1.0 financial management assistant administrator. The concept is still being developed, but the Department indicates that the positions would function under the Governor's Workforce Board and assist grant applicants in a pre-audit role, ensuring submissions are accurate. The positions are included in the Department's FY 2019 revised request assuming a January 2019 start. The FY 2020 request reflects a full year of funding. *The Governor recommends funding as requested. As of February 2019, the positions have not yet been hired and the concept is still under development.*

Audit Unit (3.0 FTE). The Department requests \$0.4 million from federal funds and Governor's Workforce Board restricted receipts to repurpose 3.0 vacant positions within its enacted authorization into an audit unit. The audit unit would consist of 2.0 principal auditors and 1.0 financial management administrator. The positions are included in the Department's FY 2019 revised request assuming a January 2019 start. The FY 2020 request reflects a full year of funding. *The Governor recommends funding as requested. As of February 2019, the positions have not yet been hired.*

Governor's Workforce Board Staffing. The Department requests \$2.5 million, or \$0.8 million more than enacted, from Governor's Workforce Board restricted receipts for staffing the Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff, grants, and operations. The Department's request reflects a reallocation of employees among programs. The enacted budget would fund approximately 15.2 positions while the request would fund 22.0 positions. *The Governor recommends funding as requested; the recommendation does not include any savings to account for statewide benefit adjustments.*

Governor's Workforce Board Operations. The Department requests \$12.5 million or \$12.1 million less than enacted from restricted receipts to continue supporting workforce development grant awards and employment and training initiatives through the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment is estimated to generate approximately \$15.5 million for the Board's use. The balance is distributed for workforce development activities, including adult education. The decrease reflects available resources; the enacted budget includes the Department's request which was overstated. *The Governor recommends funding as requested.*

Opioid Grant. The Department requests total expenditures of \$1.4 million from a new federal national health emergency opioid crisis grant over FY 2019 and FY 2020. Requested expenditures include \$0.7 million in each FY 2019 and FY 2020. The grant period is from July 1, 2018 through June 30, 2020. This grant supports employment and training activities and is intended to temporarily expand the service capacity of the state or area to serve dislocated workers, including military service members, and to meet increased

demand for Workforce Innovation and Opportunity Act employment and training services caused by major dislocations. In addition to providing employment and training services, this grant also can be used to provide some supportive services to eligible participants. *The Governor recommends funding as requested.*

Trade Readjustment Act. The Department requests \$1.1 million, or \$0.2 million less than enacted, from federal funds for trade readjustment assistance programs to reflect FY 2018 spending. The main objective of the Trade Readjustment Assistance Act is to provide support to qualified workers adversely affected by foreign trade and assist them to obtain suitable employment. The program provides testing, counseling, and job placement services; job search and relocation assistance; training; and payment of weekly trade readjustment allowances. *The Governor recommends funding as requested.*

Other Workforce Development Grants. The Department requests \$8.8 million, or \$0.7 million less than enacted, from federal funds for all other workforce development grants. This decrease reflects expected available resources and does not assume unspent funding will be carried forward from FY 2019, which is historically unlikely. The decrease also reflects a reduction of \$0.6 million for the data quality initiative and \$0.2 million more for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards youth, adults and dislocated workers. Although the demand for such services has increased, the Department repeatedly requests the total amount it anticipates having available, but spends significantly less. It often budgets the entire grant awards to specific grantees, even though the grant is anticipated to span two or more fiscal years. *The Governor recommends funding as requested.*

Unemployment Benefits. The Department requests \$162.7 million, or \$3.5 million more than enacted, from other funds for unemployment insurance benefits. This includes \$0.4 million less for benefit payments to federal and veteran employees, \$2.0 million more for benefit payments to other states, and \$2.0 million more for traditional benefit payments. While there have been fewer individuals collecting benefits and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits, the Department indicates the request is based on projected need. *The Governor recommends funding as requested.*

Unemployment Administration Staffing. The Department requests \$13.6 million, or \$0.2 million more than enacted, from all funds for salaries and benefits for the administration of the unemployment insurance program. By source this includes a new request for \$1.3 million from general revenues, \$8.5 million from federal funds, which is \$1.9 million less than enacted, and \$3.8 million from restricted receipts, which is \$0.2 million more than enacted and includes funding from the Job Development Fund and the Tardy and Interest Funds. The enacted budget contains funding for approximately 125.4 full-time equivalent positions; like the Department's FY 2019 revised request, the request would fund approximately 121.7 positions, or 3.7 fewer positions than enacted. The enacted budget also included a staff work-sharing plan to attempt to defray costs in unemployment insurance by cross-training staff in temporary disability insurance so they could be shifted as workloads dictate. This plan appears to be removed in the request, with general revenues being used to maintain its current level of staffing. As noted earlier, the request for general revenues is to cover the gap between spending commitments and available federal resources. As federal resources for the administration of unemployment have continued to decrease with the unemployment rate, the Department has not reduced spending.

The Governor recommends \$1.2 million less than requested from general revenues. The remainder is funded as requested but does not include any savings from other sources to account for statewide adjustments. The recommendation reduces expenses by \$1.0 million to reflect the expected availability of federal awards. 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. The revised recommendation for FY 2019 also does not provide the general revenue support. There has been no publicly identified strategy to resolve the issue.

Unemployment Administration Operations. The Department requests \$2.1 million, or \$0.2 million more than enacted, from all sources for the operations of the administration of the unemployment program. This includes \$0.1 million more from federal funds and \$0.1 million more from interest fund restricted receipts. The request reflects an effort to align spending with actuals from FY 2018 for legal services and information technology costs. *The Governor recommends funding as requested.*

Unemployment Information Technology System. The Department requests \$0.5 million, or \$1.2 million less than enacted, from federal funds for expenses related to the replacement of the unemployment benefit and tax system. The decrease reflects the Department's projected remaining funding from unemployment supplement budget requests from the federal government. Rhode Island joined into a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems.

On December 3, 2018, the Department indicated that the benefit system is on hold as the funding for state staff to work on the project expired and consortium members have not been able to agree to terms where the Department can use other consortium related funds, currently controlled by Mississippi, to continue to work on development. It was previously scheduled to go live in March 2019. The majority of funding requested is for payments to Mississippi for services associated with the development of the system. *The Governor recommends funding as requested.*

Temporary Disability Insurance Benefits. The Department requests \$177.2 million, or \$0.8 million less than enacted, from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits are \$5.2 million more than FY 2018 expenditures and \$1.8 million more than in the Department's FY 2019 revised request. The Department projects that benefit levels will grow consistent with the steady increase each year since a low of \$156.8 million during the great recession. *The Governor recommends funding as requested.*

Temporary Disability Insurance Administration Staffing. The Department requests \$6.0 million, or \$1.5 million less than enacted, from the Temporary Disability Insurance Fund for staffing costs of the administration of Temporary Disability Insurance. The enacted budget funds approximately 69.5 full-time equivalent positions; the request would fund 53.7 positions. The enacted budget included a plan to attempt to defray costs in the administration of unemployment insurance by shifting \$1.0 million in expected staffing costs that would otherwise be paid out of federal unemployment funds to temporary disability and temporary caregiver sources through a cross-training plan. This plan did not come to fruition and appears to be removed in the request. *The Governor recommends funding as requested; the recommendation does not include any savings to account for statewide benefit adjustments.*

Temporary Disability Insurance Administration Operations. The Department requests \$2.2 million, or \$0.5 million less than enacted, from the Temporary Disability Insurance Fund for remaining administrative expenses of the program. The largest decrease, \$0.3 million, is the result of the removal of an operating transfer for centralized services. This is removed in the Department's revised FY 2019 request as well. The remaining decrease of \$0.2 million reflects an effort to align expenditures with actuals from FY 2018 for the program. *The Governor recommends funding as requested.*

Temporary Caregiver Benefits. The Department requests \$15.2 million, or \$1.2 million more than enacted, from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The request is \$2.3 million more than FY 2018 expenditures and based on the Department's updated projection for the program. It should be noted that during FY 2018, expenditures exceeded projections by \$0.4 million. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. *The Governor recommends funding as requested.*

Temporary Caregiver Administration Staffing. The Department requests \$1.2 million, or \$0.4 million more than enacted, from the Temporary Disability Insurance Fund for the administration of the temporary caregiver program. The enacted budget included a plan to attempt to defray costs in the administration of unemployment insurance by shifting \$1.0 million in expected staffing costs that would otherwise be paid out of federal unemployment funds to temporary disability and temporary caregiver sources through a cross-training plan. This plan did not come to fruition and appears to be removed in the request. It appears that the Department is shifting staff from temporary disability to the temporary caregiver program. The enacted budget funds approximately 8.2 full-time equivalent positions; the request would fund 11.0 positions. *The Governor recommends funding as requested; the recommendation does not include any savings to account for statewide benefit adjustments.*

Temporary Caregiver Administration Operations. The Department requests \$0.4 million, or \$20,642 more than enacted, from the Temporary Disability Insurance Fund for the remaining administrative expenses of the temporary caregiver program. The FY 2019 revised request reduces expenditures for the program by \$0.3 million based on actuals from FY 2018. Like the revised request, the Department indicates the request should remove \$0.3 million to reflect double counted funding for operating transfers related to centralized services. The decrease is offset by an increase of \$20,642 which reflects an effort to align expenditures with actuals from FY 2018 for the program. *The Governor recommends funding as requested.*

Workers' Compensation Staffing. The Department requests \$5.7 million, or \$0.8 million more than enacted, from workers' compensation restricted receipts for the staffing costs of the workers' compensation program. The enacted budget contains funding for 45.9 full-time equivalent positions. The request reflects funding for approximately 51.4 positions. The Department appears to be requesting to fully staff the unfunded vacancies in this program in addition to reorganizing employee allocations. For FY 2018, the Department spent \$4.4 million. The request would allow the Department to fund approximately 10 positions more than FY 2018. It is not clear what needs the additional staffing would meet. *The Governor recommends funding as requested; the recommendation does not include any savings to account for statewide benefit adjustments.*

Workers' Compensation Operations. The Department requests \$4.0 million, or \$0.2 million less than enacted, from workers' compensation restricted receipts for benefits through and operations of the workers' compensation program. This includes \$0.3 million less for benefits from the second injury fund to reflect actuals from FY 2018 offset by an increase of \$0.1 million for the injured workers incentive benefit, as the enacted budget excludes funding for this benefit. The decreases to benefits are offset by minor adjustments to other items in the program to reflect actuals from FY 2018 and increasing funding for medical services. *The Governor recommends funding as requested.*

Police and Fire Relief Fund. The Department requests \$3.8 million, or \$1,608 more than enacted, from general revenues for the police and fire relief funds, which pay benefits to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as disabled workers based on projected expenditures. This consists of \$18,283 more for the firemen's relief fund and \$16,675 less for the policemen's relief fund. By benefit type it is \$7,200 more for pension payments and \$5,478 less for scholarships. *The Governor recommends \$1,734 less than requested which mostly reflects \$7,200 less for pensions offset by \$5,478 more for scholarships. The recommendation also includes \$126 in savings which appear to have been in error because of the method used to distribute statewide savings.*

Workforce Regulation and Safety Staffing. The Department requests \$4.3 million from general revenues, or \$1.6 million more than enacted, for staffing costs of the workforce regulation and safety division. During FY 2018, the Department used \$0.9 million from restricted receipts budgeted for unemployment to support this program, overspending by \$0.7 million, equivalent to approximately 6 positions. Those funds are again budgeted to support unemployment in the enacted budget. As part of its

request for FY 2019, the Department sought additional funding for this program but the Governor did not recommend it and the Assembly concurred. As in the FY 2019 revised request, the Department seeks general revenues to maintain its FY 2018 staffing level in this program; but, it also requests additional funding to staff all vacancies in the division, 7.2 full-time equivalent positions. The enacted general revenues fund 23.3 positions; the request funds 35.4 positions. This is an additional 12.1 full-time equivalent positions funded from general revenues, 2.7 more positions than the revised request would fund. *The Governor recommends \$1.5 million less than requested which includes statewide benefit adjustments of \$37,327. The Governor's revised budget adds \$1.2 million from general revenues for FY 2019; the FY 2020 recommendation does not include this funding and would not support the current level of staffing. This suggests that it assumes nearly ten positions would be vacant by the start of FY 2020.*

Other Salaries and Benefits (-6.0 FTE). The Department requests \$11.6 million, or \$0.3 million more than enacted, from all sources for salaries and benefits for the Department's remaining programs including central management, the police and fire relief program, the labor relations board, and workforce development services. The request also shifts 6.0 unfunded positions to staff the grant and audit units, described earlier. This includes \$15,903 more from general revenues, \$0.2 million more from federal funds, and \$0.1 million more from other funds. The enacted budget funds 105.8 positions; the revised request would fund 103.8 positions. *The Governor recommends \$134,214 less than requested from general revenues and the requested amount from other fund sources. The decrease to general revenues includes \$3,773 for statewide benefit adjustments and turnover equivalent to one position.*

Other Operations. The Department requests \$0.3 million or \$16,646 more than enacted from all sources for all other expenses. This includes \$48,717 more from general revenues and \$32,071 less from other funds. The increase to general revenues as well as the decrease to other funds reflects adjustments to bring the appropriation in line with FY 2018 actual spending. *The Governor recommends the enacted level of funding from general revenues and includes \$19,911 in additional savings based on three separate statewide savings initiatives designed to reduce operating costs.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Department's share of centralized services, the request includes \$2.4 million for facilities management, which is \$0.2 million less than enacted, \$0.7 million for human resources, which is \$48,975 more than enacted, and \$2.5 million for information technology services, which is \$0.8 million less than enacted. By source, this includes \$0.2 million more from general revenues, \$3.2 million less from federal funds, \$1.2 million more from restricted receipts, and \$0.9 million less from other funds. The request reflects actual charges from FY 2018. The Budget Office instructed agencies to request the enacted amount. *The Governor recommends \$0.2 million more than enacted from general revenues based on actual billings to date through November and December.*

Capital Projects. Consistent with the capital budget request, the Department requests \$3.8 million, or \$2.6 million more than enacted, from Rhode Island Capital Plan funds for the Center General Asset Protection project. The project is comprised of thirteen different asset protection projects for the Center General Complex in Cranston and the Arrigan Rehabilitation Center in Providence. *The Governor recommends shifting this project to the Division of Capital Asset Management and Maintenance within the Department of Administration. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

Department of Revenue

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Office of Director	\$ 2,122,802	\$ 2,094,514	\$ 2,165,580	\$ 2,141,620
Office of Revenue Analysis	905,219	775,389	847,600	841,407
Lottery Division	400,184,045	419,460,456	420,143,683	420,149,414
Division of Municipal Finance	2,815,457	2,720,551	2,851,744	1,722,673
Taxation	30,908,426	32,271,612	154,529,414	32,401,145
Registry of Motor Vehicles	30,720,355	27,493,201	32,444,800	32,749,458
State Aid	115,775,457	117,309,015	40,012,721	132,815,130
Collections	601,755	575,908	1,109,744	899,649
Total	\$ 584,033,516	\$ 602,700,646	\$ 654,105,286	\$ 623,720,496
Expenditures by Category				
Salaries and Benefits	\$ 57,715,431	\$ 57,460,849	\$ 63,970,880	\$ 59,565,530
Contracted Services	7,587,560	5,091,650	8,664,994	8,729,994
Subtotal	\$ 65,302,991	\$ 62,552,499	\$ 72,635,874	\$ 68,295,524
Other State Operations	401,043,959	421,161,800	425,424,565	421,684,409
Aid to Local Units of Government	115,843,053	117,376,611	154,580,111	132,865,827
Assistance, Grants, and Benefits	1,017,645	1,079,108	1,079,108	479,108
Capital	755,670	460,430	315,430	325,430
Operating Transfers	70,198	70,198	70,198	70,198
Total	\$ 584,033,516	\$ 602,700,646	\$ 654,105,286	\$ 623,720,496
Sources of Funds				
General Revenue	\$ 178,831,507	\$ 178,266,494	\$ 228,905,872	\$ 193,770,950
Federal Aid	2,109,465	1,925,417	1,971,020	545,243
Restricted Receipts	2,064,187	1,875,472	1,867,583	4,546,960
Other	401,028,357	420,633,263	421,360,811	424,857,343
Total	\$ 584,033,516	\$ 602,700,646	\$ 654,105,286	\$ 623,720,496
FTE Authorization	604.5	604.5	613.5	587.5

Summary. The Department of Revenue requests expenditures of \$654.1 million for FY 2020, including \$228.9 million from general revenues, \$2.0 million from federal funds, \$1.9 million from restricted receipts, and \$421.4 million from other sources including Lottery funds. The request is \$70.1 million more than the enacted budget. This includes \$50.1 million more from general revenues, \$0.1 million less from federal funds, \$0.2 million less from restricted receipts, and \$20.3 million more from other sources, primarily Lottery funds. The Department requests 613.5 full-time equivalent positions, 9.0 more than the authorized level.

The Department also submitted a constrained request that totals \$222.8 million from general revenues, which is \$6.1 million less than the unconstrained request.

The Governor recommends \$623.7 million from all sources which is \$30.3 million less than requested. Recommended general revenues are \$193.8 million, \$35.1 million less than requested. The recommendation includes 587.5 full-time equivalent positions 26.0 positions fewer than the authorized level. This includes \$2.2 million from statewide savings, noted below where appropriate.

Target Issues. The Budget Office provided the Department of Revenue with a general revenue target of \$218.6 million. The amount includes current service adjustments of \$42.8 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$3.1 million.

The constrained budget submitted by the Department is \$4.2 million more than the target. The Department proposes savings initiatives of \$6.1 million from general revenues. The proposals to achieve the reductions and revenues are noted among the items described below where appropriate. *The Governor's recommendation is \$24.8 million below the target.*

FY 2020 Budget	Budget Office		DOR	Difference
FY 2019 Enacted	\$ 178,831,507	\$ 178,831,507	\$ -	-
Current Service Adjustments	42,848,177	44,544,955	1,696,778	1,696,778
New Initiatives	-	5,529,410	5,529,410	5,529,410
Change to FY 2019 Enacted	\$ 42,848,177	\$ 50,074,365	\$ 7,226,188	7,226,188
FY 2020 Current Service/Unconstrained Request	\$ 221,679,684	\$ 228,905,872	\$ 7,226,188	7,226,188
Target Reduction/Initiatives	(3,061,319)	(6,085,751)	(3,024,432)	(3,024,432)
FY 2020 Constrained Target/Request	\$ 218,618,365	\$ 222,820,121	\$ 4,201,756	4,201,756
<i>Change to FY 2019 Enacted</i>	\$ 39,786,858	\$ 43,988,614	\$ 4,201,756	4,201,756

Centralized Services. The Department requests the enacted amount of \$6.4 million from all sources of funds for its share of centralized services, including \$6.2 million from general revenues, \$6,378 from federal funds, and \$0.2 million from restricted receipts. This request includes \$1.5 million for facilities management, \$0.8 million for human resources and \$4.2 million for information technology services.

The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The state uses internal service funds to reimburse one agency for services provided to another. The request is \$0.7 million more than actual FY 2018 expenditures, including \$43,391 more for facilities management, \$0.1 million more for human resources, and \$0.6 million more for information technology support.

The Governor's recommendation is \$1.5 million less than enacted, including \$0.4 million less for facilities management and \$1.0 million less for information technology expenditures consistent with billings through November and December.

Office of the Director - Staffing and Operations. The Department requests \$1.4 million from general revenues for Director's Office staffing and operations. The Office oversees departmental operations and has two units: the director of revenue and legal services. The request is \$42,778 more than enacted and includes funding for 9.3 full-time equivalent positions, consistent with the authorized level. The partial position reflects a cost allocation to the Division of Lottery.

The requested salaries and benefits are inclusive of step increases, and reflect updated planning values offset by turnover savings. The operations request includes \$3,650 more for the public information officer to attend professional conferences and training, and is \$1,687 less than FY 2018 spending. *The Governor recommends \$24,172 less than requested, including \$8,677 of staffing savings and \$15,495 of savings from three statewide initiatives designed to reduce operating costs.*

Office of Revenue Analysis - Staffing and Operations. The Department requests \$0.8 million from general revenues for Office of Revenue Analysis staffing and operations, which is \$57,619 less than enacted. The request includes \$87,619 less for salaries and benefits and \$30,000 more for software expenses. The request includes the authorized level of 6.0 full-time equivalent positions, of which five are funded, and includes turnover savings from filling positions at a lower level than assumed in the enacted budget. The Office has a memorandum of understanding with the Division of Taxation allocating a position to the Division for data support consistent with the Division's security requirements for taxpayer privacy. The request restores \$35,675 of turnover savings assumed in the enacted budget. The request is inclusive of all step increases, reflects updated planning values, and maintains \$45,825 in turnover savings. *The Governor recommends \$6,193 less than requested, including \$3,831 of staffing savings and \$2,362 of savings from three statewide initiatives designed to reduce operating costs.*

Lottery Division

Commission Payments. The Department requests \$395.2 million from Lottery funds for commission payments, \$21.5 million more than enacted, to reflect estimated gaming activities. The request includes \$20.5 million less than enacted for table games and \$42.0 million more for traditional lottery sales. The estimate is subject to change based on updated information presented at the November 2018 Revenue Estimating Conference.

The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments for the fiscal year. *The Governor recommends funding as requested.*

Casino Staffing and Operations. The Department requests \$5.9 million from Lottery funds for casino staffing and operations. The \$0.6 million increase reflects statewide wage and benefit adjustments for 54.0 full-time equivalent positions and restores \$0.1 million in turnover savings. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$6.4 million from Lottery funds for salaries and benefits for 52.8 full-time equivalent positions. The partial position reflects a cost allocation from the Director's Office. The request is \$0.5 million more than enacted and includes \$0.4 million in statewide wage and benefit adjustments and restores \$0.1 million of turnover savings. The Division has maintained 3.0 vacancies since the beginning of FY 2019, consistent with FY 2018 staffing. The request likely overstates necessary funding based on prior staffing levels. *The Governor recommends funding essentially as requested.*

State Police Gaming Unit. The Department's request excludes the \$2.6 million from Lottery funds in the enacted budget for expenses of the state police gaming unit, including \$1.7 million for operations at Twin River Lincoln, and \$0.9 million for operations at Twin River Tiverton. The exclusion is based on the expectation that funds will be directly appropriated in the Department of Public Safety's budget. The Lottery Division pays for Rhode Island State Police Gaming Enforcement Unit operations at the state's casinos. The Division budgets funds for on-call services provided after business hours.

The November Revenue Estimating Conference assumed expenditures would be paid from general revenues rather than deducted from lottery revenues prior to the transfer to the general fund. *The Governor concurs.*

Capital. The Department requests \$75,856 from Lottery funds for capital expenditures. Consistent with the capital request \$0.1 million to replace the Lottery building roof during FY 2019 is excluded. *The Governor concurs.*

Other Operations. The Department requests \$13.4 million from Lottery funds for all other Lottery operations. This is \$68,685 more than enacted and \$4,725 more than the revised request.

The request includes \$10.4 million for advertising, \$0.6 million for insurance, \$0.4 million for program expenses, \$0.3 million for miscellaneous expenses, \$0.2 million each for utilities and the Division's fleet expenses, and \$0.1 million for all other expenses. Requested changes are reportedly based on FY 2018 actual spending but that does not seem to be the case. The enacted budget is estimated to be sufficient to cover the requested expenses and maintain substantial savings. *The Governor recommends funding as requested.*

Division of Municipal Finance

Staffing. The Department requests \$1.8 million for staffing expenses for the Division of Municipal Finance. The request is \$73,186 more than enacted from general revenues and appropriately accounts for current service adjustments, offset by \$0.1 million of turnover savings, \$17,407 less than assumed in the enacted budget, and equivalent to 0.7 full-time equivalent positions. The enacted budget assumed one position would be held vacant for approximately 9.5 months. The Division has averaged 3.0 vacancies during the first half of FY 2019, with 13.0 filled positions as of the December 8, 2018 pay period.

The Governor's recommendation is \$0.4 million less than enacted, including \$12,737 of staffing savings. It eliminates four positions, two of which are unspecified, and transfers 1.0 position to the Department of Administration for a 2020 Census initiative. As of February 4, there are two vacancies, with another vacancy anticipated before the end of the fiscal year.

Oversight Reimbursement. The Department requests \$50,697 from general revenues for oversight reimbursement, \$16,899 less than enacted. Consistent with the revised request, the reduction reflects the end of oversight for East Providence during FY 2019 and the anticipated end of oversight for Woonsocket in March 2020. *The Governor recommends funding as requested.*

Central Falls Operations. The Department requests \$0.6 million for operational support for Central Falls consistent with the appropriation provided in Article 1 of 2018-H 7200, Substitute A, as amended. *The Governor's recommendation excludes this funding*

Central Falls Retirees' Pensions. The request includes the enacted amount of \$0.3 million from general revenues to support City of Central Falls' retirees. Subsequent to the request, the Department noted it erroneously included the enacted amount; the request should have been \$27,939 less. The FY 2012 enacted budget included \$2.6 million for the City of Central Falls to fund five years of payments to partially restore deep reductions sustained by its retirees who were not part of any state retirement system as part of the city's bankruptcy. The retirees successfully sought additional relief in the 2014 session to begin when the \$2.6 million was exhausted at the end of FY 2016. The intent of the 2014 legislation was to offer sufficient state funds to maintain payments to the retirees at 75 percent of their pre-reduction pension benefit when the time and funding from the 2012 law expired. The original cost projection was for a total state cost over the 20 years of \$4.9 million, with the first state contribution of \$0.3 million being required in FY 2017. The annual cost declines over time as cost-of-living adjustments end up closing the gap and beneficiaries die. *The Governor recommends the enacted level of funding.*

Other Operations. The Department requests \$0.1 million from general revenues for all other Division of Municipal Finance operations. The request is consistent with the revised request and is \$20,000 less than enacted. It reflects a reduction for contracted services, for which an actuary was previously required, and \$5,000 more for ongoing litigation related to the receivership of Central Falls. The request is consistent with expenditures over the prior two fiscal years. *The Governor recommends funding as requested and includes \$1,843 of savings from two statewide savings initiatives designed to reduce operating costs.*

Local Aid

Motor Vehicles Excise Tax Program. The Department requests \$92.3 million for the Motor Vehicles Excise Tax and Phase out program for FY 2020. The request includes the \$54.7 million enacted base funding, plus \$37.6 million more than enacted for the next year of the motor vehicle excise tax phase-out enacted by the 2017 Assembly. It is expected that updated data will alter this value; the enacted level of funding for FY 2019 is reportedly \$1.5 million less than actual reimbursements. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities, an amount subject to appropriation; the 2017 Assembly enacted Article 11 of 2017-H 5175 Substitute A, as amended, to phase-out the motor vehicle excise tax in a different way and provides for the reimbursement of lost revenues to local municipalities. The legislation fixed the prior \$10.0 million reimbursement in statute as the base for reimbursements under the new program, and requires municipalities to maintain current calculation practices.

For FY 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. A full description of this program and community data is available in the special reports section of this publication.

The Governor's budget includes \$78.0 million, \$23.2 million more than enacted and \$16.3 million less than current law. Article 9 of 2019-H 5151 includes language 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. For FY 2019, the total cost is \$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	\$ -
2024		No Tax Levied								

Payment in Lieu of Taxes. The Department requests \$48.2 million, \$2.1 million more than enacted for the Payment in Lieu of Taxes program, which reimburses cities and towns for property taxes which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is statutorily based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The Department reports its request intends to fund the program at the full 27.0 percent rate; however, at the time of the budget submission updated data were not available. The additional \$2.1 million reflects a target number until actual program numbers are available. A full description of this program and community data is available in the special reports section of this publication.

The Governor recommends \$5.3 million less than enacted, which represents a 23.6 percent reimbursement rate, it is \$6.0 million less than full funding. She also includes Article 9 of 2019-H 5151 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. The legislation also provides that voluntary payments in lieu of taxation may reduce liabilities by that amount or that municipalities are empowered to waive or reduce the amount levied. 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.

Property Tax Revaluation Program. The Department requests \$0.7 million, which is \$0.9 million less than enacted from general revenues to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2020. The request reflects anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations in FY 2020. Expenditures fluctuate annually, on a triennial cycle; including an anticipated \$1.6 million in FY 2019, as well as actual expenditures of \$0.7 million in FY 2018 and \$0.4 million in FY 2017. *The Governor recommends funding as requested.*

Distressed Communities Relief Program. The Department requests the enacted amount of \$12.4 million from general revenues for the Distressed Communities Relief program which was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. Section 45-13-12 of the General Laws establishes the following four indices to determine eligibility: percent of tax levy to full value of property, per capita income, percent of personal income to full value of property, and per capita full value of property. Effective FY 2006, any community falling into the lowest 20.0 percent, or bottom eight rankings, for at least three of the four indices is eligible for assistance under the program. A full description of this program and community data is available in the special reports section of this publication. *The Governor recommends the enacted level of funding.*

Car Rental Tax/Surcharge - Warwick Share. The Department requests the enacted amount of \$0.9 million from restricted receipts for the City of Warwick as reimbursement for costs related to direct and indirect users of the T.F. Green State Airport. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at the airport. The receipts are deposited into a restricted account for the City of Warwick. *The Governor recommends the enacted level of funding.*

Division of Taxation

One-Time Restructuring Expenses. The enacted budget includes \$3.5 million for costs directly associated with restructuring efforts to enable enhanced revenue collections, of which the budget assumed \$1.2 million were one-time expenditures. These include \$0.9 million for contracted programming, and \$0.1 million for technology and workstations for the new staff and \$0.2 million to expand audit analytics. The remaining \$2.2 million for 22.0 full-time equivalent positions is an ongoing expense to improve performance and retention within the Division. The request excludes these one-time items. *The Governor's recommendation excludes these funds.*

Adult Use Marijuana (4.0 FTE). On January 13, 2019, the Governor announced the intention to establish a legal adult use marijuana program, citing the operations in neighboring states. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine has previously adopted an adult use program anticipated to launch during spring 2019. Vermont permits adult use of marijuana, but does not permit retail sales. New York's Governor has proposed an adult use program in the budget to begin next year. Bills have also been introduced in Connecticut and New Hampshire legislatures.

The Governor's budget includes Article 20 of 2019-H 5151 to establish the authorization and regulation of an age 21 and older adult-use marijuana program. The regulation of all programs is centralized within the 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. In the Division of Taxation the budget assumes the use of \$0.8 million from restricted receipts, of which \$0.3 million is for 4.0 full-time equivalent

positions: two Revenue Agent I and two Tax Investigators. It also includes \$0.4 million for contracted services and \$75,000 for all other expenses. It also includes language in Article 2 to exempt associated restricted accounts from the cost recovery required under current law.

Revenue Enhancements (10.0 FTE). The Division of Taxation divides its work among eight sections to administer the state’s tax laws, three of those sections administer employer tax collections. The Tax Administrator provides the overall guidance and direction of the Division of Taxation, and Tax Processing is responsible for all processing operations in the Division, including the registration of taxpayers. Compliance and Collections, Field Audit, and Assessment and Review are responsible for compliance, collection and enforcement, comprehensive tax audits conducted in-state and out-of-state, and audit of tax returns received by the Division, respectively.

The Governor recommends \$1.2 million from general revenues, including \$1.0 million for 10.0 full-time equivalent positions and \$0.3 million for advertising associated with three proposed revenue initiatives. These include expansion of the sales tax to include a variety of services, implementation of more comprehensive remote seller requirements, and the expansion of taxes on e-cigarettes. The positions are funded for a full year. The proposed changes are estimated to increase revenues by \$23.3 million, of which nearly half is associated with the remote seller change. The net impact to the state is \$22.0 million.

Revenue Enhancements						
Personnel	FTE	Remote Sellers	Sales Tax Expansion	E-Cigarette	Total	
Tax Administrator						
Senior Legal Counsel	1.0	\$ -	\$ 126,207	\$ -	\$ 126,207	
Tax Investigator	1.0	-	-	86,907	86,907	
Subtotal Tax Administrator	2.0	\$ -	\$ 126,207	\$ 86,907	\$ 213,114	
Compliance & Collection						
Legal Counsel	2.0	\$ 128,872	\$ -	\$ 128,872	\$ 257,744	
Revenue Agent I	1.0	89,185	-	-	89,185	
Taxpayer Service Specialist	1.0	-	86,907	-	86,907	
Tax Aide I	1.0	-	-	75,000	75,000	
Subtotal Compliance & Collections	5.0	\$ 218,057	\$ 86,907	\$ 203,872	\$ 508,836	
Field Audit						
Revenue Agent I	1.0	\$ -	\$ 89,185	\$ -	\$ 89,185	
Assessment & Review						
Revenue Agent I	2.0	89,185	-	89,185	178,370	
Personnel Subtotal	10.0	\$ 307,242	\$ 302,299	\$ 379,964	\$ 989,505	
Operating		\$ -	\$ 250,000		\$ 250,000	
Grand Total	10.0	\$ 307,242	\$ 552,299	\$ 379,964	\$ 1,239,505	
Gross Revenues		\$ 11,548,847	\$ 10,817,967	\$ 888,746	\$ 23,255,560	
Total State Net Impact		\$ 11,241,605	\$ 10,265,668	\$ 508,782	\$ 22,016,055	

Employer Tax Collections (37.0 FTE). The Department requests \$3.5 million from all sources of funds to support 37.0 full-time equivalent positions and operations of the employer tax section. The request is \$0.2 million more than enacted, including \$0.5 million less from general revenues and \$0.4 million more each from Job Development and Temporary Disability Insurance funds to correct the personnel allocations assumed in the enacted budget and essentially aligns all fund sources with FY 2018 actual expenditures, consistent with anticipated workloads. The primary goal of the Department of Revenue’s employer tax positions is to provide and account for the funding needed to pay Unemployment Insurance benefits to eligible jobless workers, and Temporary Disability Insurance benefits to eligible workers idled by non-work-related injuries or illnesses. The Employer Tax Section processes all quarterly tax and wage reports and accompanying tax payments, submitted by Rhode Island employers. These payments include all required Employment Security, Job Development Fund, Reemployment Fund and Temporary Disability Insurance taxes.

The Governor recommends transferring 37.0 full-time equivalent positions from the Department of Revenue to the Department of Labor and Training and excludes \$3.2 million from all sources, which includes \$1.9 million from federal funds and \$0.6 million each from Job Development and Temporary Disability Insurance funds. The transfer is proposed to create efficiencies and align the fund source and responsibilities with its historical location in the Department. It should be noted that \$1.0 million of the recommendation from restricted receipts is for temporary disability and temporary caregiver responsibilities, as such, this should be budgeted as other funds.

Other Salaries and Benefits. The Department requests \$22.8 million from all sources for salaries and benefits for the remaining 213.0 authorized full-time equivalent positions in the Division of Taxation. The request is \$1.0 million more than enacted from general revenues, and \$690 less from Motor Fuel Tax Evasion funds.

The request corrects the personnel allocations assumed in the enacted budget and essentially aligns all fund sources with FY 2018 actual expenditures, consistent with anticipated workloads. The 2018 Assembly provided funding for 22.0 new full-time equivalent positions in the Division of Taxation. The new positions include: 7.0 Revenue Officers, 6.0 Revenue Agents, 4.0 Data Analysts, 3.0 Taxpayer Service Specialists, a Data Entry Operator, Interdepartmental Project Manager, Revenue Agent II, Supervising Revenue Officer I, and Data Analyst II, offset by three unspecified position reduction. At the November 2018 Revenue Estimating Conference, the Department reported a new Customer Service Center was in its pilot phase and it had hired 14.0 staff as of November 2018. The request also includes \$1.4 million in turnover savings, \$0.3 million more than assumed in the enacted budget.

The Governor recommends \$23.6 million from all fund sources, \$2.6 million less than requested, including \$0.4 million less from general revenues and the requested amount from Motor Fuel Tax Evasion funds, including \$0.2 million of statewide benefit adjustments.

Integrated Tax System Maintenance and Support. The Department requests \$4.1 million from general revenues for maintenance and support and vendor services. The request is \$1.4 million more than enacted. It includes \$1.3 million more for maintenance and support and vendor services to replace Division of Information Technology staff and resources. It also includes \$0.1 million for the cost of the Division of Information Technology to provide these services. The Governor's FY 2019 recommendation assumed the Division of Information Technology had one year to develop the internal capacity to provide these services, and this figure is identified as a placeholder.

As part of its constrained request, the Department eliminates the requested \$1.3 million for the vendor support. *The Governor recommends \$0.1 million less than requested to reflect the exclusion of the funding for the Division of Information Technology.*

Other Operations. The Department requests \$2.1 million from general revenues for all other Division of Taxation operations which is \$118,500 more than enacted. Expenditures include \$0.8 million for information technology support, \$0.7 million for printing and postage, \$0.2 million each for travel and multistate tax auditing services, and \$0.3 million for all other expenses; general revenues represent 96.7 percent of expenditures. Consistent with the Division's FY 2019 revised request, some expenses are realigned to reflect actual or anticipated expenditures. It adds \$16,615 for multistate tax auditing services, disposal services, and maintenance of office equipment, offset by \$30,115 of savings primarily to reflect FY 2018 expenditures. It should be noted that \$0.3 million requested from Rhode Island Capital Plan funds for a floor plan redesign in the capital budget request has been omitted from the operating request.

The Governor recommends \$155,794 more than requested, which is \$250,000 more for advertising, offset by \$94,204 of reductions, including \$43,704 from three statewide initiatives designed to reduce operating costs.

Division of Motor Vehicles

License Plate Reissuance. The Department requests \$1.4 million from general revenues to begin reissuing reflective license plates in accordance with Rhode Island General Law, Section 31-3-33, which requires that the state issue new fully reflective license plates no less than every ten years. The 2018 Assembly adopted legislation delaying license plate reissuance one year to January 1, 2020.

Total cost for reissuance is estimated at \$5.7 million, with the assumption that reissuance will take place over a 24 month period; assuming production begins January 2020 expenses are \$1.4 million in FY 2020, \$2.9 million in FY 2021, and \$1.4 million in FY 2022.

The reissuance had been delayed five times previously, from September 1, 2011 to September 1, 2013, then again to September 1, 2015, July 1, 2016, April 1, 2017, and January 1, 2019. *The Governor's recommendation excludes these funds and her budget includes legislation to repeal the decennial reissuance. The recommendation adds \$0.2 million for 2.0 new full-time equivalent positions to improve license plate visibility enforcement.*

Information Technology Modernization. The Department requests \$3.8 million for contractual support for the Rhode Island Motor Vehicle System. The request is \$2.3 million more than enacted, including \$2.9 million more from general revenues, and \$0.5 million less from restricted receipts. The enacted budget had included restricted receipts to close out the final development expenses for the system.

The requested funding reflects ongoing maintenance and operations support for the Rhode Island Motor Vehicle System which launched July 5, 2017. The FY 2018 appropriations act assumed receipts from the Information Technology Modernization surcharge would be deposited into the Information Technology Investment Fund as a reimbursement for advances on project-related payments. It was assumed extension of the surcharge would collect \$2.2 million per year for five years, totaling \$11.0 million. The intent of the surcharge transfer was to reimburse a \$7.0 million settlement payment to the Information Technology Investment Fund, which would be repaid by FY 2021, at which time any excess funding would be available for system needs. The Department has identified needs exceeding currently available receipts.

As part of its constrained request the Department requests \$0.9 million from general revenues, \$2.9 million less than the unconstrained request.

The Governor recommends funding as requested, but shifts the new funding to restricted receipts. Article 7 of 2019-H 5151 includes 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. The budget appears to expect \$1.6 million of new revenues, but assumes \$2.9 million of expenditures. The Budget Office has noted the restricted account amounts are overstated.

Real ID Staffing and Operations (8.0 FTE). The Department requests \$5.2 million from general revenues for staffing and operations related to the full year implementation of federal Real ID requirements for FY 2020, which is \$3.1 million more than enacted. The staffing request includes \$1.6 million more to fund 40.0 full-time equivalent positions, which is 8.0 positions more than the enacted authorization.

The request includes \$1.0 million more to reflect a full year cost of the existing 32.0 full-time equivalent positions, and \$0.6 million more to add 8.0 new Customer Service Representative I positions in support of

the initiative. The operational expenses include \$0.8 million for driver's license printing, \$0.5 million for additional security services, and \$40,000 for a computer reservation system to reflect annualized implementation expenditures. The request also includes \$0.9 million for advertising expenditures, \$0.7 million more than enacted as the result of responses to a request for proposals for outreach services. The Department noted that \$70,000 for advertising and \$240,000 for security may have erroneously been double counted in the request.

Real ID is intended to provide a more secure verification process, with stronger anti-counterfeit measures. The Department of Homeland Security reports it will accept the state's standard credential through May 1, 2019. After May 1, 2019, when the state's compliance will be reevaluated; it appears that if compliant, the state's standard credentials will be accepted through December 2020. After this time, citizens will not be permitted access to secure federal sites including travel through federally regulated airports, nuclear power plants, or access to certain federal buildings without compliant credentials. The initiative launched the first week of December 2018.

The enacted budget assumes revenue collections of \$2.1 million for FY 2019 and \$4.2 million for FY 2020 to offset the program's expenses. The additional \$0.7 million for advertising is not assumed to be offset by collections.

As part of its constrained request the Department reduces its request by \$1.5 million, excluding the requests for advertising, security, and new staff. *The Governor recommends \$0.8 million less than requested, including \$0.6 million for advertising. The recommendation excludes \$240,000 of double counted funding, but \$70,000 remains due to an oversight.*

Other Salaries and Benefits. The Department requests \$18.1 million from all sources of funds, essentially all from general revenues for the Division's remaining 178.5 positions. The request is \$2.1 million more than enacted and appears to include essentially the same amount of turnover savings as assumed in the enacted budget. Based on estimates from FY 2018 expenditures, the request appears to overstate necessary funding, including statewide salary and benefit adjustments.

The Governor recommends \$1.8 million less than requested, including statewide salary and benefit adjustments of \$0.1 million. The recommendation is \$4.3 million less from general revenues offset by \$4.5 million of reimbursements from the Highway Maintenance Account. The Department's request appears to have double counted \$1.5 million. The Governor also includes Article 8 of 2019-H 5151 to require the Department of Transportation to reimburse the Division for salary and benefit expenses of certain employees involved in the collection of motor vehicles fees that are currently going into the Highway Maintenance Account.

Other Operations. The Department requests \$5.8 million for all other expenses for the Division. The request is \$0.4 million more than enacted from all sources of funds, including \$118,905 more from general revenues, \$0.3 million more from federal funds, and \$35,237 less from restricted receipts. The Department made adjustments to several expenditures to reflect prior spending, including items requested at amounts less than FY 2018 expenditures. The general revenue request includes \$95,000 more for license plate printing and postage, and \$23,905 more to align utility and operating expenses with prior year spending. The restricted receipt request erroneously excludes \$50,000 not included in the enacted budget. It should be noted that the request excludes \$0.4 million from Rhode Island Capital Plan funds for projects included in the capital budget request.

The Governor recommends \$0.3 million more than enacted, including \$37,292 less from general revenues. Recommended general revenues include \$246,197 less from three statewide savings initiatives designed to reduce operating costs, offset by \$91,100 of additional expenses. It includes federal funds as requested.

Division of Collections

Staffing (1.0 FTE). The Department requests \$0.8 million from general revenues for staffing expenses related to the new Division of Collections, which is \$257,989 more than enacted. The enacted budget includes \$0.5 million to support 7.0 full-time equivalent positions for a portion of the year. The request fully funds the Division's 7.0 existing positions and adds \$0.1 million for an attorney. The enacted budget assumes \$1.3 million of collections, for a net impact of \$0.8 million. The Department estimates the increased staffing could increase gross revenues by \$0.8 million, or a net increase of \$0.6 million.

When making the original proposal, the administration requested authorization to enter contingency contracts; the Assembly did not concur. The Department is interpreting that action to mean that it cannot contract legal services. The Division intends to assist other state agencies to collect debts which are owed to the state by settlement agreement, or other settled adjudication processes for which payments or appeals have not been made in a timely fashion. It should be noted that the Division has a sunset date of June 30, 2021.

As part of its constrained request, the Division excludes the request for the attorney and reduces staffing expenses by \$0.1 million.

The Governor recommends \$8,334 less than requested to reflect statewide benefit adjustments. The budget assumes additional revenues consistent with the request. It also includes Section 8 of Article 5 which 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.

Operations. The Department requests \$0.4 million from general revenues for operating expenses related to the new Division. The request is \$250,000 more than enacted for a case management system for the collections unit to facilitate the work of the unit and shifts \$48,540 from contracted services to operational expenses not considered in the enacted budget. It should be noted that the Division has a sunset date of June 30, 2021.

The Department's constrained request excludes the funding for the case management system. The Department does not anticipate the exclusion to impact revenues at this time; however, as operations continue, the necessity of the case management system is assumed to grow. *The Governor recommends \$48,239 more than enacted. It includes \$50,000 for a case management system, offset by \$1,761 from a statewide savings initiative to reduce the cost of certain commodities.*

Legislature

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
General Assembly	\$ 6,762,071	\$ 10,276,942	\$ 6,437,717	\$ 6,305,160
Fiscal Advisory Staff	1,921,237	1,907,048	2,002,239	1,987,588
Legislative Council	5,337,728	5,055,175	5,265,836	5,208,213
Joint Comm. Oon Legislative Affairs	25,540,051	27,664,231	27,189,394	26,985,705
Office of the Auditor General	5,837,335	5,852,907	6,106,753	6,085,820
Special Legislative Commissions	13,900	13,638	13,900	13,629
Total	\$ 45,412,322	\$ 50,769,941	\$ 47,015,839	\$ 46,586,115
Expenditures by Category				
Salaries and Benefits	\$ 38,094,244	\$ 37,909,003	\$ 39,794,685	\$ 39,437,470
Contracted Services	680,500	1,770,500	680,500	680,500
Subtotal	\$ 38,774,744	\$ 39,679,503	\$ 40,475,185	\$ 40,117,970
Other State Operations	3,551,078	7,096,938	3,674,154	3,601,645
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,300,000	2,300,000	2,300,000
Capital	786,500	1,693,500	566,500	566,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 45,412,322	\$ 50,769,941	\$ 47,015,839	\$ 46,586,115
Sources of Funds				
General Revenue	\$ 43,691,627	\$ 49,000,993	\$ 45,183,825	\$ 44,754,101
Federal Aid	-	-	-	-
Restricted Receipts	1,720,695	1,768,948	1,832,014	1,832,014
Other	-	-	-	-
Total	\$ 45,412,322	\$ 50,769,941	\$ 47,015,839	\$ 46,586,115
FTE Authorization	298.5	298.5	298.5	298.5

Summary. The Legislature estimates FY 2020 expenditures of \$47.0 million and 298.5 full-time equivalent positions. This includes \$45.2 million from general revenues and \$1.8 million from restricted receipts.

The Governor recommends \$0.4 million less than requested from general revenues related to statewide adjustments.

Office of the Lieutenant Governor

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 1,051,308	\$	1,044,129	\$	1,077,544	\$	1,085,799
Contracted Services	-		-		88,000		-
Subtotal	\$ 1,051,308	\$	1,044,129	\$	1,165,544	\$	1,085,799
Other State Operations	62,539		62,968		64,539		61,267
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	750		750		750		750
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 1,114,597	\$	1,107,847	\$	1,230,833	\$	1,147,816
Sources of Funds							
General Revenue	\$ 1,114,597	\$	1,107,847	\$	1,230,833	\$	1,147,816
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 1,114,597	\$	1,107,847	\$	1,230,833	\$	1,147,816
FTE Authorization	8.0		8.0		8.0		8.0

Summary. The Office of the Lieutenant Governor requests total expenditures of \$1.2 million from general revenues for FY 2020 which is \$0.1 million more than enacted. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$1.1 million from general revenues which is \$33,219 more than enacted. The recommendation is \$0.1 million less than requested and includes \$8,615 in statewide adjustments. Savings are noted below where appropriate.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$1.1 million. The amount includes current service adjustments of \$41,833 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$56,774.

		Lieutenant		
FY 2020 Budget	Budget Office	Governor	Difference	
FY 2019 Enacted	\$ 1,114,597	\$ 1,114,597	\$ -	
Current Service Adjustments	41,833	28,236	(13,597)	
New Initiatives	-	88,000	88,000	
Change to FY 2019 Enacted	\$ 41,833	\$ 116,236	\$ 74,403	
FY 2020 Current Service/Unconstrained Request	\$ 1,156,430	\$ 1,230,833	\$ 74,403	
Target Reduction/Initiatives	(56,774)	(195,344)	(138,570)	
FY 2020 Constrained Target/Request	\$ 1,099,656	\$ 1,035,489	\$ (64,167)	
<i>Change to FY 2019 Enacted</i>	<i>\$ (14,941)</i>	<i>\$ (79,108)</i>	<i>\$ (64,167)</i>	

The constrained budget submitted by the Department is \$0.1 million less than the target. The proposal to achieve the reductions are noted among the items below where appropriate. *The Governor's recommendation is \$48,160 more than the target.*

Legal Services. The Office requests \$88,000 from general revenues for outside legal services, for which the enacted budget includes no funding, consistent with a savings proposal offered by the Office and included with the Governor's recommendation. Of the total, \$40,000 will be used to intervene in Public Utilities Commission hearings regarding planned National Grid utility rate hikes and pipeline location plans and \$48,000 is for a \$4,000 monthly retainer. In FY 2018, the Office spent \$45,486 on legal services.

The Office's constrained budget request includes general revenue savings of \$88,000 by removing all funding for legal services. It is worth noting that the enacted budget includes no funding consistent with a similar constrained budget proposal, but the revised FY 2019 request restores funding for these services, as the Office has already spent \$20,256 through December 7, 2018. *The Governor does not recommend funding, consistent with the constrained request.*

Personnel and Operating. The Office requests \$1.1 million from general revenues for personnel and operating expenses, which is \$28,236 more than enacted and fully funds all 8.0 full-time equivalent positions. The increase also includes \$2,000 for National Lieutenant Governor Association fees, consistent with the revised request.

The Office's constrained budget request includes a reduction in personnel totaling \$107,344 from reducing the number of personnel in the Office by 0.8 full-time equivalent positions.

The Governor recommends \$4,983 more than requested. This includes \$7,343 in statewide benefit adjustments and \$1,272 from three separate statewide proposals designed to achieve operating savings. She does not recommend the \$2,000 requested for National Lieutenant Governor Association fees. It appears the recommendation does not include available turnover savings.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The FY 2020 request is consistent with the enacted \$20,953 for information technology services. *The Governor recommends funding as requested.*

Office of the Secretary of State

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Administration	\$ 3,326,174	\$ 3,374,790	\$ 3,948,809	\$ 3,675,528
Corporations	2,318,968	2,302,532	2,430,074	2,191,898
Elections and Civics	4,876,817	4,860,625	3,325,408	3,133,331
Office of Public Information	647,057	469,124	514,723	477,568
State Archives	507,235	534,872	5,657,484	539,342
State Library	623,911	711,620	739,556	683,490
Total	\$ 12,300,162	\$ 12,253,563	\$ 16,616,054	\$ 10,701,157
Expenditures by Category				
Salaries and Benefits	\$ 6,422,027	\$ 6,124,795.00	\$ 6,744,589	\$ 6,019,043
Contracted Services	1,210,252	1,417,112	1,587,245	1,472,245
Subtotal	\$ 7,632,279	\$ 7,541,907	\$ 8,331,834	\$ 7,491,288
Other State Operations	4,378,133	4,418,288	2,982,470	2,908,119
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	243,000	243,000	143,000	143,000
Capital	46,750	35,368	5,143,750	143,750
Capital Debt Service	-	-	-	-
Operating Transfers	-	15,000	15,000	15,000
Total	\$ 12,300,162	\$ 12,253,563	\$ 16,616,054	\$ 10,701,157
Sources of Funds				
General Revenue	\$ 9,875,734	\$ 9,800,081	\$ 10,148,152	\$ 9,233,255
Federal Aid	1,983,770	1,983,770	1,016,230	1,016,230
Restricted Receipts	440,658	469,712	451,672	451,672
Other	-	-	5,000,000	-
Total	\$ 12,300,162	\$ 12,253,563	\$ 16,616,054	\$ 10,701,157
FTE Authorization	59.0	59.0	59.0	59.0

Summary. The Secretary of State requests FY 2020 expenditures of \$16.6 million, which is \$4.3 million more than the FY 2019 enacted budget. The request includes \$0.3 million more from general revenues, \$1.0 million less from federal funds, \$11,014 more from restricted receipts, and \$5.0 million more from Rhode Island Capital Plan funds. The request includes 59.0 full-time equivalent positions, which is consistent with the enacted authorization.

The Governor recommends total expenditures of \$10.7 million, including \$9.2 million from general revenues, and staffing as enacted. The recommendation is \$1.6 million less than enacted from all funds and \$0.6 million less from general revenues. It is \$5.9 million less than the request from all funds including \$0.9 million less from general revenues which includes statewide adjustments totaling \$116,426, noted in the items below where appropriate.

Target Issues. The Budget Office provided the Office of the Secretary of State with a general revenue target of \$8.8 million. The amount includes current service adjustments of \$0.7 million and a 5.0 percent target reduction of \$0.3 million, adjusted for certain exclusions. The Office of the Secretary of State did not submit a constrained budget request. The Office’s request is \$1.0 million above the Budget Office’s current services level and \$1.3 million above the target. *The Governor’s recommendation is \$0.4 million above the target.*

FY 2020 Budget	Secretary of		
	Budget Office	State	Difference
FY 2019 Enacted	\$ 9,875,734	\$ 9,875,734	\$ -
Current Service Adjustments	(712,988)	(511,571)	201,417
New Initiatives	-	783,989	783,989
Change to FY 2019 Enacted	\$ (712,988)	\$ 272,418	\$ 985,406
FY 2020 Current Service/Unconstrained Request	\$ 9,162,746	\$ 10,148,152	\$ 985,406
Target Reduction/Initiatives	(346,779)	-	346,779
FY 2020 Constrained Target/Request	\$ 8,815,967	\$ 10,148,152	\$ 1,332,185
Change to FY 2019 Enacted	\$ (1,059,767)	\$ 272,418	\$ 1,332,185

Help America Vote Act Election Security Grant. The Office requests \$1.0 million from the federal 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 request expends the balance of the grant. The Office was not able to provide specific information on FY 2020 expenditures, only noting that funding would be used to finish paying off projects that began during FY 2019. From information provided to staff on estimated costs of projects, the FY 2020 request appears to finalize the upgrades of the central voter registration system and implement risk-limiting audits. *The Governor recommends funding as requested.*

Election Expenses. The Office requests \$1.7 million in expenditures from general revenues, which is \$0.7 million less than enacted and \$0.2 million more than the Budget Office current service estimate, for election expenses including the presidential primary in April 2020. The request includes \$13,000 more for postage, \$132,000 more for mail ballot printing expenses, and \$20,000 more for legal services than the Budget Office estimate. Requested expenditures reflect actual expenses from the last presidential primary in FY 2016. *The Governor recommends funding as requested and includes \$31,892 in additional general revenue savings based on two separate statewide savings initiatives designed to reduce operating costs.*

Cybersecurity. The Office requests \$0.4 million or \$0.3 million more than enacted from general revenues for upgrades to increase its cybersecurity. The request reflects \$43,093 less than enacted to continue cybersecurity penetration testing of the central voter registration system and \$0.4 million for work done by the contractor Stonewall Solutions. The FY 2019 revised request also includes \$0.2 million to expand the cybersecurity framework. *The Governor recommends funding as requested.*

eGov Initiative. The Office requests \$0.5 million or \$0.1 million more than enacted from general revenues for information technology expenditures for which the enacted budget includes \$0.3 million. After the new Secretary was sworn in, a new Chief Innovation Officer was hired, an agency-wide information technology review was conducted and improvement projects were developed. The Office indicated that this initiative will be a part of the Secretary of State’s administration the entire time she is in office. The eGov information technology initiative is comprised of many projects. The Office notes work is still to be done on the redesign of the open meeting user interface, the redesign of the Boards and Commissions database and webpage, the reimagining of the Rhode Island Government Owner’s Manual, the lobby tracker, and restructuring of the business services database. Furthermore, the Office stated that new projects are constantly being added. Two new additions to the request include \$0.1 million to replace server infrastructure hardware and \$0.1 million to retain a contractor formerly associated with the Administrative Procedures Act to assist with the eGov initiatives for the entire fiscal year. *The Governor recommends*

funding as requested and includes \$11,426 in additional general revenue savings based on two separate statewide savings initiatives designed to reduce operating costs.

Scanning Project. The Office requests \$62,000 or \$19,060 more than enacted from general revenues to hire an outside company to continue the scanning project for the Business Services Division. The enacted budget contains \$42,490 for this project and the Office spent \$23,220 of the FY 2018 final appropriation of \$35,800. The request appears to double count the \$12,000 cost of leasing a scanner. The Division houses business records, which contain the filing of entities dating back to 1741. The Office notes that approximately 38,000 active files, containing between 2 and 1,000 pages are needed to be imaged and matched. This would allow for the files to be viewable online and allow for the transparency of businesses in Rhode Island. The Office notes that it intends to finish this project within the next five years. *The Governor recommends funding as requested.*

Business Assistant Wizard. The Office requests \$50,000, or \$38,000 more than enacted from general revenues for the business assistant wizard. Funding would support an advertising campaign related to the updated wizard; the FY 2019 revised request includes \$20,000 to begin the campaign. The enacted budget includes \$12,000 from general revenues to modernize and redesign the current portal and wizard to meet the current demands, which is excluded from the request. The Secretary of State is statutorily required to maintain and operate a Business Fast-Start Office, intended to provide a convenient and accessible business start-up portal that includes an interactive business wizard. *The Governor does not recommend funding.*

Capital - Relocation of State Archives. Consistent with its capital request, the Office requests \$5.0 million from Rhode Island Capital Plan funds for FY 2020 to begin the construction of a new State Archives building. The total estimated cost is \$52.6 million and includes \$150,000 from Rhode Island Capital Plan funds expended over FY 2017 and FY 2018 for a site selection study which was finalized in January 2018. The study recommended a 52,000 square foot building to be constructed on an empty portion of the Powers Building front lawn, across from the State House. *The Governor recommends \$0.1 million from Rhode Island Capital Plan funds in FY 2022 to commence site development; no further funding for the building is recommended in the five-year plan.*

Archives Project Manager. The Office requests \$0.1 million for a project manager to oversee the construction of the proposed new State Archives building to be located on the front lawn of the Powers Building. There is no funding in the enacted budget for this as the building is not a part of the approved capital plan. This would be the annual cost of the manager. *The Governor does not recommend funding.*

State Archives Expenses. The Office requests \$0.2 million or \$32,273 more than enacted from all fund sources, including \$24,235 more from general revenues and \$8,038 more from restricted receipts from the Historical Records Trust Fund for the operation of the state archives. The FY 2020 request includes general revenues to reflect actual spending for FY 2018 for insurance, utilities and software and maintenance agreements and is \$23,912 more from that source than the revised request as a result. The request for restricted receipts includes additional funding for staff training as well as computer upgrades. *The Governor recommends funding as requested and includes \$3,142 in additional general revenue savings based on three separate statewide savings initiatives designed to reduce operating costs.*

Salaries and Benefits. The Office requests \$6.4 million, or \$0.3 million more than enacted including \$0.3 million more from general revenues and \$5,644 less from restricted receipts, to staff the Office in FY 2020. The request includes 55.0 full-time equivalent positions not allocated to the Records Center. The enacted budget includes turnover of \$0.1 million, equivalent to approximately 0.8 positions. The request includes current service adjustments consistent with Budget Office planning values and would restore nearly all of the turnover. As of the pay period ending December 8, 2018, the Office has four vacancies. *The Governor recommends \$0.7 million less than requested from general revenues, which includes separate statewide savings of \$50,134 from general revenues; no adjustment is made to restricted receipts. The remaining*

decrease of \$675,412 represents turnover savings which appears to understate actual need based on the staffing levels at the time of the recommendation. The Governor's FY 2019 revised recommendation assumes roughly 3.0 vacancies; the FY 2020 recommendation appears to assume four more than that for a total of seven. As of the pay period ending January 19, 2019, the Office has 4.0 vacancies. This reduction appears to offset increases requested and recommended in other areas of the budget.

Records Center. The Office requests \$1.0 million or \$22,190 more than enacted from other funds for the Records Center. The request reflects funding for approximately 4.0 positions as well as \$30,657 more to reflect actuals from FY 2018 for utilities and centralized service information technology charges. The Records Center is an internal service program whereby its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrieval. *The Governor recommends funding as requested.*

State House Tour Program. The Office requests \$30,000 or \$5,000 more than enacted from general revenues for tour offerings and to enhance the visitor experience at the Rhode Island State House. The Office uses the tour program as a means to increase knowledge among children and adults of Rhode Island history and how government works. The program spent \$22,681 during FY 2018. The Office notes the requested increase would allow the hosting of exhibitions at the State Library. *The Governor recommends funding as requested.*

State House Visitor's Center. Consistent with the enacted budget, the Office requests \$25,000 from restricted receipts to fund the State House Visitor's Center and Gift Shop, which opened in December 2013. Staffing is provided by unpaid interns from Johnson and Wales University and merchandise sales are used to fund the restricted receipt account. The Office spent \$13,416 in FY 2018 on the visitor's center. *The Governor recommends funding as requested.*

State Grants. Consistent with the enacted budget, the Office requests \$143,000 for state grants to support the Rhode Island Historical Society and the Newport Historical Society. The funding is required in accordance with Rhode Island General Laws, Sections 29-2-1 and 29-2-2, which provide \$125,000 to the Rhode Island Historical Society and \$18,000 to the Newport Historical Society for the purpose of caring for, preserving, and cataloguing the property of the state. *The Governor recommends funding as requested.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Office's share of centralized services, the request includes \$30,670 or \$9,316 more than enacted for information technology services. By source this is \$696 more from general revenues and \$8,620 more from restricted receipts. This is \$1,520 more than was charged in FY 2018. *The Governor recommends \$41,941 more than requested from general revenues to reflect actual billings through November.*

Other Operations. The Office requests \$0.6 million, or \$7,819 less than enacted, from general revenues for other expenses. When excluding for one-time items included in the budget, the request reflects actual spending from FY 2018 as well as the removal of funding for the Rhode Island Government Owner's Manual, which is only printed in odd numbered years, per Rhode Island General Law, Section 22-3-12. Additionally, the request restores funding for the Office's internet contract, which it indicated it has changed and will pay for in July 2019. *The Governor recommends funding as requested and includes \$19,832 in additional general revenue savings based on three separate statewide savings initiatives designed to reduce operating costs.*

Office of the General Treasurer

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
General Treasurer	\$ 3,643,593	\$ 3,523,551	\$ 3,643,208	\$ 3,595,210
Unclaimed Property	26,030,095	25,680,883	24,912,844	24,912,844
Employees' Retirement System	11,359,220	11,495,813	11,968,213	11,968,213
Crime Victim Compensation	2,089,672	1,717,567	1,749,664	1,742,118
Subtotal	\$ 43,122,580	\$ 42,417,814	\$ 42,273,929	\$ 42,218,385
Expenditures by Category				
Salaries and Benefits	\$ 10,335,794	\$ 10,431,955	\$ 10,911,411	\$ 10,909,721
Contracted Services	4,805,842	4,893,342	4,943,392	4,943,392
Subtotal	\$ 15,141,636	\$ 15,325,297	\$ 15,854,803	\$ 15,853,113
Other State Operations	26,020,669	25,489,692	24,836,151	24,812,297
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,860,000	1,502,000	1,518,550	1,488,550
Capital	100,275	100,825	64,425	64,425
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 43,122,580	\$ 42,417,814	\$ 42,273,929	\$ 42,218,385
Sources of Funds				
General Revenue	\$ 2,973,776	\$ 2,953,922	\$ 3,395,039	\$ 3,037,551
Federal Aid	1,074,874	1,016,641	858,974	998,974
Restricted Receipts	38,419,246	37,807,908	37,356,057	37,518,001
Other	654,684	639,343	663,859	663,859
Total	\$ 43,122,580	\$ 42,417,814	\$ 42,273,929	\$ 42,218,385
FTE Authorization	89.0	89.0	89.0	89.0

Summary. The Office requests unconstrained expenditures of \$42.3 million, which is \$0.8 million less than enacted. This includes \$0.4 million more from general revenues. The Office requests 89.0 full-time equivalent positions, consistent with the authorized level.

The Governor recommends \$42.2 million from all sources, which is \$0.9 million less than enacted including \$0.1 million more from general revenues. The recommendation is \$0.1 million less than requested including \$0.4 million less from general revenues. This includes \$31,314 in statewide savings, noted below where appropriate. The Governor recommends 89.0 full-time equivalent positions consistent with the enacted authorization.

Target Issues. The Budget Office provided the Office with a general revenue target of \$2.9 million. The amount includes current service adjustments of \$84,468 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$141,320. The Office did not submit a constrained budget. *The Governor's budget is \$0.1 million more than the target.*

FY 2020 Budget	Budget Office		Treasurer		Difference
FY 2019 Enacted	\$	2,973,776	\$	2,973,776	\$ -
Current Service Adjustments		84,468		(26,836)	(111,304)
New Initiatives		-		448,099	448,099
Change to FY 2019 Enacted	\$	84,468	\$	421,263	\$ 336,795
FY 2020 Current Service/ Unconstrained Request	\$	3,058,244	\$	3,395,039	\$ 336,795
Target Reduction/Initiatives		(141,320)		-	141,320
FY 2020 Constrained Target/Request	\$	2,916,924	\$	3,395,039	\$ 478,115
Change to FY 2019 Enacted	\$	(56,852)	\$	421,263	\$ 478,115

Crime Victim Compensation. The Office requests \$1.7 million for the crime victim compensation program, which is \$0.3 million less than enacted. Consistent with its revised request, the Office requests \$350,000 less for claims including \$200,000 more from general revenues offset by \$200,000 less from restricted receipts and \$350,000 less from federal funds. The request is \$0.1 million less than spent in FY 2018 and \$0.5 million less than spent in FY 2017. The Office indicates that the request is based on expected revenues; depending on the level of claims received, there may be insufficient resources to support them.

The request also includes \$0.5 million for program administration including 4.0 full-time equivalent positions. This is \$18,343 more than enacted and reflects shifting \$0.2 million from restricted receipts to general revenues. Historically, restricted receipts and federal funds have been sufficient to support administrative costs, but the Office is requesting to backfill the decline in receipts with general revenues.

The program pays claims from restricted receipts from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. Receipts have been declining since FY 2013; as restricted receipts decrease, so do the federal reimbursements. At the same time receipts have been declining, the average claim amount and the number of claims has been increasing. Between FY 2015 and FY 2018, annual claims increased from 100 to 160 and the average claim grew by 90.6 percent from \$1,725 to \$3,288. This increase appears to be related to the 2016 legislation that increased the maximum relocation award from \$2,500 to \$5,000.

In October after this budget was submitted the Office was awarded a \$0.3 million federal grant through the United States Department of Justice that can be used for relocation expenses.

The Governor recommends \$7,819 less than requested from all sources including \$0.3 million less from general revenues. This includes \$0.1 million from the newly awarded federal funds for emergency relocation. The recommendation inexplicably assumes use of \$0.2 million more from restricted receipts than are estimated to be available. The recommendation includes \$2,235 from general revenue statewide benefit savings. It appears there are statewide benefit savings from non-general revenue sources not taken. It also includes \$733 in estimated savings based on three separate statewide savings initiatives designed to reduce operating costs.

Retirement System Experience Study. The Office requests \$76,000 from Retirement System restricted receipts for the System to conduct an experience study during FY 2020. The Retirement System conducts an experience study every three years 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 Governor recommends funding as requested.*

Retirement System Computer System. The FY 2020 budget request for \$2.5 million from Retirement System restricted receipts for the new computer system is \$50,000 less than enacted for the data validation

component of the project. The System went live in FY 2017, but there is still some remaining work such as data validation and potential change orders for system enhancements. The System plans on hiring temporary staff during FY 2019 as part of the data validation project to correct historic data with the goal of reducing pension processing time. This work will continue into FY 2020. *The Governor recommends funding as requested.*

Retirement System Personnel. The Office requests \$6.5 million to fund most of the Retirement System's 43.0 full-time equivalent positions, which is \$392,757 more than enacted. The request includes an additional \$20,000 for overtime based on extended office hours for counseling staff to assist in the data validation project, \$0.1 million to restore the turnover savings in the enacted budget, and \$0.1 million for adjustments consistent with Budget Office planning values and revisions to cost allocations among programs. The request assumes turnover equivalent to approximately one position. *The Governor recommends funding as requested. It appears there are statewide benefit savings not taken.*

Other Retirement System Expenses. The Office requests \$2.3 million from Retirement System restricted receipts for all other expenses for the Retirement System including Board legal counsel, actuarial services, postage and printing associated with distribution of the System newsletter, and rent for the building on Service Avenue. The request is \$34,058 more than enacted largely to reflect additional contracted services for investigations of non-compliance of disability regulations. *The Governor recommends funding as requested.*

Unclaimed Property. The Office requests \$22.8 million for unclaimed property, which is \$1.3 million less than enacted. This includes \$8.8 million for the transfer from unclaimed property to the state, \$0.9 million less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. The request also includes \$14.3 million for payment of unpaid property claims, which is consistent with the enacted budget. Although this represents the agency's estimate, the transfer is adopted by the Revenue Estimating Conference that meets in November and May and expenditures will be adjusted to reflect that.

The Governor recommends funding as requested and does not reflect the November Revenue Estimating Conference estimate; the transfer adopted at the November Revenue Estimating Conference was \$9.5 million, \$0.2 million less than recommended.

Cash Reconciliation Software. Consistent with its FY 2019 revised request, the Office requests \$34,000 in new expenditures for the implementation of automated reconciliation software. The Office reports that this purchase will resolve a longstanding management comment in the state's single audit related to the segregation of functions related to the disbursement and movement of funds, cash receipts, and reconciliation of bank and book balances. In June 2018 the Office purchased hardware at a cost of \$8,000. The \$34,000 annual cost in the revised FY 2019 and FY 2020 budget requests includes \$12,000 for the annual license fee including vendor support as well as \$22,000 for ten licenses. This new system will go live at the end of October. *The Governor recommends funding as requested.*

Centralized Services. The Office requests \$0.5 million from all sources for centralized facilities management and information technology services including \$0.2 million from general revenues. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The 2017 Assembly authorized the establishment of internal service funds for centralized information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The enacted budget includes \$0.2 million for facilities management services, of which \$53,581 is from general revenues, and \$0.2 million from general revenues for information technology services.

The request is \$0.1 million more than enacted for facilities management services. The Office indicates that it added the funds for potential long-term improvements to the Warwick location. This additional funding represents a placeholder at this point. The Office is also requesting to remove the \$8,351 in the enacted budget for facility management charges to the Crime Victim Compensation program because of the funding constraints mentioned earlier.

Consistent with the revised recommendation, the Governor recommends the requested adjustments and includes \$10,621 more from general revenues than requested based on billings through November and December. This includes \$21,871 less for facilities management offset by \$32,492 more for information technology services.

Other Salaries and Benefits. The Office requests \$3.9 million for all other salaries and benefits for the Office's other 42.0 full-time equivalent positions. This is \$0.1 million more than enacted and includes \$21,944 more from general revenues. The request reflects current service adjustments, as well as revisions to cost allocations among programs and turnover savings equivalent to 1.5 positions. As of the pay period ending October 27, the Office has 4.5 vacant positions.

The Governor recommends \$24,604 less from general revenues than requested. This includes \$14,604 in statewide savings and \$10,000 in additional turnover savings. It appears there are statewide savings from non-general revenue sources not taken.

Other Operations. The Office requests \$1.5 million for all other expenses, which is \$10,416 more than enacted including \$48,780 less from general revenues and includes a total of \$0.8 million related to the Unclaimed Property program. The general revenue changes include decreases in insurance as well as printing for the check processing unit based on FY 2018 expenditures and removal of \$7,530 that was in the enacted budget to purchase a new copier for the check processing unit. The request also includes \$6,000 to fund the Public Finance Management Board's debt portal. The enacted budget was overstated by \$30,000. These changes are largely consistent with the revisions in the revised request.

The Governor recommends \$33,742 less than requested. This includes \$20,000 less for bank fees based on information from the Office that savings were available. It also includes \$13,742 in estimated savings based on three separate statewide savings initiatives designed to reduce operating costs.

Rhode Island Board of Elections

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,673,584	\$ 1,612,977	\$ 1,791,318	\$ 1,678,429
Contracted Services	135,788	190,982	420,588	208,688
Subtotal	\$ 1,809,372	\$ 1,803,959	\$ 2,211,906	\$ 1,887,117
Other State Operations	800,688	987,970	417,828	567,466
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,620,856	1,830,998	-	-
Capital	21,600	31,600	5,694,140	8,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,252,516	\$ 4,654,527	\$ 8,323,874	\$ 2,462,583
Sources of Funds				
General Revenue	\$ 5,252,516	\$ 4,654,527	\$ 2,638,734	\$ 2,462,583
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	5,685,140	-
Total	\$ 5,252,516	\$ 4,654,527	\$ 8,323,874	\$ 2,462,583
FTE Authorization	13.0	13.0	14.0	13.0

FY 2020 Request. The Board of Elections requests \$2.6 million from general revenues, or \$2.6 million less than enacted, and \$5.7 million from Rhode Island Capital Plan funds, of which none was enacted. The Board requests 14.0 full-time equivalent positions, which is one more than the enacted authorization. *The Governor recommends \$2.5 million from general revenues, which is \$2.8 million less than enacted and no Rhode Island Capital Plan funds. The recommendation includes statewide adjustments totaling \$27,969, noted below where appropriate.*

Target Issues. The Budget Office provided the Board with a general revenue target of \$1.8 million. The amount includes statewide adjustments of \$65,012 and a reduction of \$3.4 million to reflect the removal of election related items. Also included is a 5.0 percent target reduction of \$0.1 million, adjusted for certain exclusions. The Board did not submit a constrained request. *The Governor's recommendation is \$0.6 million above the target.*

	Budget Office	Board of Elections	Difference
FY 2020 Budget			
FY 2019 Enacted	\$ 5,252,516	\$ 5,252,516	\$ -
Current Service Adjustments	(3,343,470)	(3,080,162)	263,308
New Initiatives	-	466,380	466,380
Change to FY 2019 Enacted	\$ (3,343,470)	\$ (2,613,782)	\$ 729,688
FY 2020 Current Service/Unconstrained Request	\$ 1,909,046	\$ 2,638,734	\$ 729,688
Target Reduction/Initiatives	(88,991)	-	88,991
FY 2020 Constrained Target/Request	\$ 1,820,055	\$ 2,638,734	\$ 818,679
Change to FY 2019 Enacted	\$ (3,432,461)	\$ (2,613,782)	\$ 818,679

Public Financing of Elections. The Board excludes the enacted amount of \$2.6 million from general revenues for the Matching Public Funds campaign finance program, required by Rhode Island General Law 17-25-19. This program is only available in years when general officers are elected, most recently in November 2018. These elections are every four years, and the Board is responsible for administering and carrying out mandates of the Campaign Contributions and Expenditures Act and the state's Matching Public Funds program. The program is scheduled to return in FY 2023. *The Governor excludes funding as requested.*

Election Expenses. The Board requests \$0.2 million for election expenses in FY 2020 related to the presidential primary in April 2020. This is \$0.4 million less than enacted as FY 2019 included a general election. The request includes \$65,000 for printing expenses, \$50,000 for delivery of voting machines, \$20,000 for increased mailings, and \$25,000 for miscellaneous polling place expenses. The Board's request is approximately \$40,000 more than the Budget Office's current service estimate and \$0.1 million more than what the Board expended in FY 2016, also the year of a presidential primary. The Board does not reduce printing by the recommended amount, instead leaving in \$25,000 more than the Budget Office estimates. The other \$15,000 can be attributed to miscellaneous election expenses, which the Board indicates include supplies for polling places such as ink cartridges, commemorative pins, supply boxes and signage. *The Governor recommends funding as requested.*

Seasonal Election Staff. The Board requests \$0.2 million for seasonal staff for the April 2020 presidential primary election. The enacted budget includes \$0.4 million for election expenses as FY 2018 was an on-year in the two-year election cycle. The request appears higher than historical expenditures in a primary year. The Board spent approximately \$0.1 million on seasonal staff in the 2016 presidential primary. The request is based on Board estimates, not prior expenses. *The Governor recommends funding as requested.*

Risk-Limiting Audits (1.0 FTE). The Board requests \$0.3 million from general revenues for risk-limiting audits. Risk-limiting audits are a manual tally which employ a statistical method to ensure that the candidates who appear to have won are in fact those who received the most votes. The requested funding would allow the Board to hire a contractor and a new senior planning and programming development specialist position in FY 2020. The FY 2019 enacted budget authorized a director of operations position; at the time it was indicated this position would provide additional support for risk-limiting audits which will be required by law in 2020. The Board's request indicates the newly requested position will also assist with these audits and be responsible for the oversight of the audits conducted by the contractor, in addition to having other responsibilities; however, no detail is provided on the other responsibilities. *The Governor does not recommend funding or authorization of the position. She does assume an existing vacancy will be filled with oversight of these audits as one of its duties.*

E-Poll Books. The Board requests \$66,900 from general revenues for e-poll book services not funded in the enacted budget. This includes \$60,000 for contractors to conduct maintenance, testing, and troubleshooting for e-poll books. The contractors are requested in the Board's FY 2019 revised request as well; however, the cost includes \$5,000 from general revenues which supplements \$50,000 in federal funds from the Help America Vote Act Election Security grant included in the Secretary of State's budget. That federal funding is recommended for other uses in FY 2020. The Board indicates the remaining \$6,900 is a cost for e-poll book maintenance that was unintentionally included. *The Governor recommends \$11,900 less than requested, providing \$55,000 from general revenues, consistent with the current cost of the contract.*

Other Salaries and Benefits. The Board requests \$1.5 million or \$0.2 million more than enacted from general revenues for all other salaries and benefits to fully fund 13.0 full-time equivalent positions during FY 2020. The enacted budget includes turnover savings equivalent to 1.0 position or \$0.1 million. The request restores that turnover, includes the Budget Office statewide adjustment of \$65,012, and provides upgrades for a number of positions throughout the Board. While there was not a public hearing, the Board

worked with the Department of Administration to obtain approval for these upgrades; however, this occurred after the budget was approved, and no funding was requested or included. *The Governor recommends \$18,407 less than requested. This includes \$15,196 to reflect statewide benefit adjustments and additional savings from downgrading the vacant director of operations position into a special projects coordinator, which would have responsibilities including public relations and the oversight of risk-limiting audits.*

Legal Services. The Board requests \$150,000 or \$30,000 more than enacted from general revenues to provide legal services for FY 2020. FY 2019 is an election year and in its revised request the Board indicates it needs additional legal funding for campaign related issues and ongoing litigation. The Board notes that rules and regulations are expected to be changed and prepared by legal counsel. The Board also anticipates needing legal services for changes in legislation that need to be reviewed. *The Governor recommends funding as requested.*

Capital Projects. The Board stores voting equipment at its location at 50 Branch Avenue and also occupies 10,350 square feet at the Cranston Street Armory. The Board has requested general revenues to rent a new consolidated location for a number of years but these requests have not been funded. As part of its revised request, it indicates that the Department of Administration recommended that the Board request Rhode Island Capital Plan funds for a feasibility study for relocation to a property currently owned by the Department of Transportation at 55 Colorado Avenue in Warwick. The request includes \$260,000 for FY 2019 for the study and \$5.7 million for FY 2020 to begin construction from Rhode Island Capital Plan funds. *The Governor does not recommend funding.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Board's share of centralized services, the request includes the enacted amount of \$74,427 for facilities management and \$54,801 for information technology services, both from general revenues. This is \$13,621 more than was charged in FY 2018. It should be noted that the Board was charged \$10,577 less than the final appropriation for information technology services in FY 2018. *The Governor recommends \$0.2 million more than enacted based on billings through November and December.*

Other Operations. The Board requests \$0.1 million from general revenues for other expenses. The request is \$6,460 less than enacted. The decrease of \$12,100 is consistent with the Board's revised request, which removes funding for internet services and translators based on actual spending from FY 2018. This decrease is offset by an increase of \$3,120 to reflect the expected contractual increase for software maintenance and \$2,520 of minor adjustments. *The Governor recommends \$22,670, including \$12,773 in additional general revenue savings based on three statewide savings initiatives designed to reduce operating costs and \$9,897 for adjustments to uniforms, advertising, and maintenance to reflect actual FY 2018 expenses.*

Rhode Island Ethics Commission

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,532,767	\$ 1,471,281	\$ 1,617,326	\$ 1,572,002
Contracted Services	57,001	47,275	47,275	47,275
Subtotal	\$ 1,589,768	\$ 1,518,556	\$ 1,664,601	\$ 1,619,277
Other State Operations	218,143	220,657	225,743	218,195
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	4,326	8,826	7,826	7,826
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,812,237	\$ 1,748,039	\$ 1,898,170	\$ 1,845,298
Sources of Funds				
General Revenue	\$ 1,812,237	\$ 1,748,039	\$ 1,898,170	\$ 1,845,298
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,812,237	\$ 1,748,039	\$ 1,898,170	\$ 1,845,298
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Ethics Commission requests \$1.9 million from general revenues, which is \$85,933 more than enacted, and the authorized level of 12.0 full-time equivalent positions. The Commission also submitted a constrained request that totals \$1.8 million from general revenues which is \$117,126 less than the unconstrained request. *The Governor recommends \$1.8 million from general revenues and the enacted staffing level. This is \$33,061 more than enacted and \$52,872 less than requested and includes \$13,028 of statewide savings, noted below where appropriate.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1,787,369, including current service adjustments of \$61,403 and a 5.0 percent reduction of \$86,271, adjusted for certain exclusions.

FY 2020 Budget	Budget Office	Ethics Commission	Difference
FY 2019 Enacted	\$ 1,812,237	\$ 1,812,237	\$ -
Current Service Adjustments	61,403	85,933	24,530
Change to FY 2019 Enacted	\$ 61,403	\$ 85,933	\$ 24,530
FY 2020 Current Service/Unconstrained Request	\$ 1,873,640	\$ 1,898,170	\$ 24,530
Target Reduction/Initiatives	(86,271)	(117,126)	(30,855)
FY 2020 Constrained Target/Request	\$ 1,787,369	\$ 1,781,044	\$ (6,325)
Change to FY 2019 Enacted	\$ (24,868)	\$ (31,193)	\$ (6,325)

The constrained budget submitted by the agency is \$6,325 less than the Budget Office target, achieved mostly by the elimination of a position. *The Governor's budget is \$57,929 more than the target.*

Salaries and Benefits. The Commission requests \$1.6 million from general revenues for salary and benefit expenses, which is \$84,559 more than enacted to fully fund the authorized level of 12.0 full-time equivalent positions. As of the pay period ending October 20, 2018, all positions are filled. It should be noted that the request appears overstated.

The Commission's constrained request includes savings totaling \$112,126 that would be achieved by eliminating all funding for the research aide position and 9.0 pay periods for the administrative assistant position. *The Governor recommends \$45,324 less from general revenues than requested which fully funds all staff and includes \$8,316 in statewide savings.*

Legal Services. The Commission requests \$36,000 for legal services which is \$9,726 less than enacted from general revenues. The Commission previously had litigation matters pending in Rhode Island Superior Court that it anticipated would require a higher level of funding. However, both of the pending cases were settled during FY 2018. The request is higher than historical spending because in September 2018, the Commission amended a regulation that requires independent legal counsel to provide a written basis for the case dismissals that lack probable cause. *The Governor recommends funding as requested.*

Centralized Services. The Commission requests \$45,756 from general revenues for centralized information technology services which is consistent with the enacted budget. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$2,836 less from general revenues than enacted based on billings through November 2018.*

Other Operations. The Commission requests \$0.2 million which is \$11,100 more than enacted from general revenues for all other expenses. This increase includes \$3,500 for computer upgrades, \$1,500 for additional Westlaw legal research licenses, \$4,500 for the estimated property taxes component of rent as required by its lease, and \$1,600 for other expenses. The request is largely consistent with the Commission's revised request.

The constrained request excludes the funding for the computer upgrades and for the additional Westlaw legal research licenses. *The Governor recommends \$4,712 less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs.*

Office of the Governor

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 5,060,421	\$	5,766,992	\$	6,042,925	\$	5,869,066
Contracted Services	500		500		500		500
Subtotal	\$ 5,060,921	\$	5,767,492	\$	6,043,425	\$	5,869,566
Other State Operations	355,026		372,479		355,026		356,545
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	200,000		250,000		250,000		250,000
Capital	17,100		17,100		17,100		17,100
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 5,633,047	\$	6,407,071	\$	6,665,551	\$	6,493,211
Sources of Funds							
General Revenue	\$ 5,633,047	\$	6,407,071	\$	6,665,551	\$	6,493,211
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 5,633,047	\$	6,407,071	\$	6,665,551	\$	6,493,211
FTE Authorization	45.0		45.0		45.0		45.0

Summary. The Office of the Governor requests FY 2020 expenditures of \$6.7 million from general revenues and staffing of 45.0 full-time equivalent positions. This is \$1.0 million more than enacted and staffing consistent with the authorized level. *The Governor recommends \$6.5 million from general revenues, which is \$0.9 million more than enacted and \$0.2 million less than requested. The recommendation is \$172,340 less than requested, including \$45,664 of statewide savings, noted below where appropriate.*

Target Issues. The Budget Office provided the Office of the Governor with a general revenue target of \$6.2 million. The amount includes current service adjustments of \$0.8 million, and a 5.0 percent target reduction of \$0.3 million, adjusted for certain exclusions. The Office did not submit a constrained budget. The request is \$0.5 million more than the target.

FY 2020 Budget	Budget Office		Office of the Governor	Difference
FY 2019 Enacted	\$ 5,633,047	\$	5,633,047	\$ -
Current Service Adjustments	846,219		202,782	(643,437)
New Initiatives	-		829,722	829,722
Change to FY 2019 Enacted	\$ 846,219	\$	1,032,504	\$ 186,285
FY 2020 Current Service/ Unconstrained Request	\$ 6,479,266	\$	6,665,551	\$ 186,285
Target Reduction/Initiatives	(319,650)		-	319,650
FY 2020 Constrained Target/Request	\$ 6,159,616	\$	6,665,551	\$ 505,935
Change to FY 2019 Enacted	\$ 526,569	\$	1,032,504	\$ 505,935

Excluding funding added for centralized services, the recommendation is \$0.3 million more than the target.

Salaries and Benefits. The Office requests \$6.0 million from general revenues for salary and benefit expenses for its 45.0 authorized positions. The request is \$1.0 million more than enacted from general revenues to reflect current service adjustments and restores funding for 4.8 full-time equivalent positions that were previously allocated to other state agencies. For FY 2019, the Governor's recommended budget lowered direct expenditures 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 accordingly, and did not add funding for the positions to the Office. Through the first pay period in December 2018, the Office has an average of 9.3 positions vacant. The enacted budget assumes turnover equivalent to 3.5 full-time positions.

The final FY 2018 budget assumed cost allocations of \$689,522 to nine state agencies. Actual allocations totaled \$543,186 or \$146,336 less than the amount assumed in the final budget. *The Governor recommends \$0.2 million less than requested, including \$37,574 from statewide benefit savings and \$0.1 million from turnover savings, equivalent to 0.4 full-time position. As of the pay period ending January 19, the Office has 10.0 positions vacant.*

Contingency Fund. The Office requests \$250,000 from general revenues for the contingency fund, \$50,000 more than enacted. Since FY 2010, the contingency fund has received an annual appropriation of \$250,000. However, the Office historically underspends available funding and the 2018 Assembly provided \$200,000 for FY 2019. While the request restores funding to the prior appropriation level, average expenditures for the last five fiscal years were \$120,347. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommends funding as requested.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the Office's request includes \$0.1 million from general revenues for its share of centralized information technology services. *The Governor recommends \$9,608 more than requested based on billings through November, which is \$22,634 more than FY 2018 actual expenditures.*

Other Operations. The Office requests FY 2020 expenditures of \$0.3 million from general revenues for all other operations, consistent with the enacted budget. *The Governor recommends \$8,089 less than requested from three separate statewide initiatives to reduce operating costs.*

Rhode Island Commission for Human Rights

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 1,491,775	\$	1,470,947	\$	1,595,476	\$	1,583,586
Contracted Services	8,475		9,000		9,850		9,850
Subtotal	\$ 1,500,250	\$	1,479,947	\$	1,605,326	\$	1,593,436
Other State Operations	332,761		323,081		335,547		323,569
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 1,833,011	\$	1,803,028	\$	1,940,873	\$	1,917,005
Sources of Funds							
General Revenue	\$ 1,335,441	\$	1,335,441	\$	1,480,506	\$	1,353,591
Federal Aid	497,570		467,587		460,367		563,414
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 1,833,011	\$	1,803,028	\$	1,940,873	\$	1,917,005
FTE Authorization	14.5		14.5		14.5		14.5

Summary. The Commission requests expenditures of \$1.9 million for FY 2020, which is \$0.1 million more than enacted, including \$0.1 million more from general revenues. The request includes the enacted level of 14.5 full-time equivalent positions. The Commission also submitted a constrained request that is \$0.2 million less than the unconstrained request.

The Governor recommends \$1.9 million from all sources and the enacted level of staffing, which is \$83,994 more than enacted including \$18,150 more from general revenues. The recommendation is \$23,868 less than requested including \$126,915 less from general revenues and includes \$15,931 in statewide savings, noted below where appropriate.

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.3 million. The amount includes current service adjustments of \$42,008 and a 5.0 percent target reduction of \$57,022 adjusted for certain exclusions.

			Commission for	
FY 2020 Budget	Budget Office	Human Rights	Difference	
FY 2019 Enacted	\$ 1,335,441	\$ 1,335,441	\$ -	
Current Service Adjustments	42,008	145,065	103,057	
<i>Change to FY 2019 Enacted</i>	<i>\$ 42,008</i>	<i>\$ 145,065</i>	<i>\$ 103,057</i>	
FY 2020 Current Service/Unconstrained Request	\$ 1,377,449	\$ 1,480,506	\$ 103,057	
Target Reduction/Initiatives	(57,022)	(165,516)	(108,494)	
FY 2020 Constrained Target/Request	\$ 1,320,427	\$ 1,314,990	\$ (5,437)	
<i>Change to FY 2019 Enacted</i>	<i>\$ (15,014)</i>	<i>\$ (20,451)</i>	<i>\$ (5,437)</i>	

The Commission's constrained budget is \$5,437 below the target. *The Governor's budget is \$33,164 more than the target.*

Federal Receipts. The Commission's budget request assumes that federal funds to be spent in FY 2020 total \$460,367. The enacted budget includes expenses totaling \$497,570 from federal funds. The revised request includes expenses totaling \$451,893, which is \$45,677 less than the enacted budget. Accounting for the revised request, the projected surplus at the end of FY 2020 would be \$175,027. *The Governor's budget recommends \$563,414 to spend which is \$65,844 more than enacted and \$103,047 more than requested. Combined with the revised budget recommendation, the ending surplus in FY 2020 would be \$56,324.*

Personnel and Operating. The Commission requests \$1.9 million from all sources which is \$0.1 million more than enacted and includes \$1.5 million from general revenues. The request includes \$1.6 million for salaries and benefits to fully fund the authorized level of 14.5 full-time equivalent positions, which is \$0.1 million more than enacted, including \$0.1 million more from general revenues. The Commission's request reflects step increases and current service adjustments. The request shifts \$218,419 from federal funds to general revenues for personnel costs to align the budget more closely with federal funding restrictions. The request shifts \$87,970 for rent expenditures from general revenues to federal funds, a permissible use of funding, to ease the burden on general revenues. Expenditures for other operating expenses and purchased services are \$30,045 consistent with FY 2018 expenditures and the revised request.

The Commission's constrained request includes \$165,516 less from general revenues achieved by eliminating 2.0 full-time equivalent positions. The Commission reports that this reduction would severely impact its ability to enforce federal and state anti-discrimination laws and estimated that federal funds would decrease by \$162,527 annually if its constrained budget proposal for FY 2020 is enacted.

The Governor recommends \$15,996 less from all sources than requested, including \$119,013 less from general revenues of which \$11,882 is from statewide benefit savings and \$4,076 is from three separate statewide savings initiatives designed to reduce operating costs. The recommendation also shifts an additional \$103,047 from general revenues to federal funds for rent. The revised budget shifts a significantly smaller amount.

Centralized Services. The Commission requests \$39,280 from general revenues for centralized information technology services which is consistent with the enacted. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$7,902 less than requested for information technology services based on billings through November.*

Public Utilities Commission

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 6,604,281	\$ 6,641,891	\$ 8,136,054	\$ 7,853,116
Contracted Services	1,990,525	2,609,421	1,990,525	2,677,171
Subtotal	\$ 8,594,806	\$ 9,251,312	\$ 10,126,579	\$ 10,530,287
Other State Operations	1,240,025	1,272,185	1,271,758	1,268,096
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	4,200
Capital	100,000	100,000	410,000	410,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 9,934,831	\$ 10,623,497	\$ 11,808,337	\$ 12,212,583
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	168,378	168,378	178,002	178,002
Restricted Receipts	9,766,453	10,455,119	11,630,335	12,034,581
Other	-	-	-	-
Total	\$ 9,934,831	\$ 10,623,497	\$ 11,808,337	\$ 12,212,583
FTE Authorization	53.0	53.0	63.0	60.0

Summary. The Public Utilities Commission requests FY 2020 expenditures of \$11.8 million, which is \$1.9 million more than enacted from all sources including \$9,624 more from federal funds and \$1.9 million more from restricted receipts. Restricted receipts are generated from billing the regulated utilities for the expenses of both the Public Utilities Commission and the Division of Public Utilities and Carriers. The Commission requests 63.0 full-time equivalent positions, 10.0 more than the authorized level.

The Public Utilities Commission does not receive general revenue funding and was not required to meet a specific target set by the State Budget Office.

The Governor recommends \$12.2 million from all sources and 60.0 full-time equivalent positions which is \$2.3 million more than enacted and \$0.4 million more than requested. Staffing is 7.0 positions more than enacted to reflect the transfer of the Water Resources Board to the Commission and 4.0 of the new positions the Commission requested.

Water Resources Board (3.0 FTE). The Governor's FY 2019 budget proposed to transfer the Water Resources Board from the Department of Administration to the Public Utilities Commission to achieve general revenue savings. Operating costs for the Water Resources Board would be then be charged to regulated utilities. While the proposal was pending, the Board moved into the same office space as the Commission. The Assembly did not concur with the transfer but the Water Resources Board remained in the same building as the Commission; it does not pay rent. The Public Utilities Commission did not request the transfer of the Board in its FY 2020 budget request. The enacted budget assumes \$0.6 million from general revenues to fund 3.0 full-time employees and the operating costs for the Board, in the Department

of Administration's budget. *The Governor recommends transferring the Board and its 3.0 full-time equivalent positions to the Commission. Operating costs for the Board would be charged to regulated utilities as opposed to general revenues. The recommendation includes \$0.4 million from restricted receipts for personnel and operating costs, and to distribute as grants. This is \$145,663 less than enacted which reflects turnover savings for one of the positions which has been vacant for almost three years.*

Senior Legal Counsel (1.0 FTE). The Commission requests \$126,207 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time senior legal counsel position to start at the beginning of FY 2020. This request reflects a full year of funding for this position. The Commission reports that the Division has experienced an increase in consumer, administrative and court proceedings, necessitating new staff in the legal department.

The senior legal counsel will specifically assist the Division in evaluating cases, rate design options, policy choices, and the impacts of various alternatives that come before the Commission. The position will also assist in expanding policy functions and delivery of agency-wide administrative and legal services.

In FY 2019, the Commission requested a senior legal counsel position, as well as 1.0 full-time legal counsel position. At the time, the Commission reported that there was an increased demand for consumer, administrative, and court proceedings. Additionally, the Division wanted to increase the legal department to work on a power sector transformation and grid modernization initiative. The Governor did not recommend funding and the Assembly concurred. *The Governor does not recommend funding or staffing.*

Consumer Agent (1.0 FTE). The Division requests \$89,185 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time consumer agent position to start at the beginning of FY 2020. This request reflects a full year of funding for this position. Currently, the Division has 4.0 consumer agents, and the Commission reports that adding 1.0 new consumer agent position will enable it to answer customer requests for information and investigate complaints in a timely manner.

The section fields approximately 24,000 phone calls annually from utility consumers regarding various utility issues and regulations. The section's goal is to answer customer inquiries or requests for information and investigate complaints against municipal and public utilities companies regarding shutdowns, billing, and service problems in a "timely manner," which is within 60 business days of receiving a complaint. An additional consumer agent will allow the unit to help consumers have more timely hearings to avoid utility shut offs or terminations. *The Governor recommends funding and staffing as requested.*

Programming Services Officer (1.0 FTE). The Division requests \$114,257 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time programming service officer position to start at the beginning of FY 2020. This request reflects a full year of funding for this position. According to the Division, this position is necessary to conduct research and data collection for analytics on energy efficiency dockets. Currently, energy efficiency programs are reviewed by other consultants at significant cost. The Commission reports that while there will be some remaining need for a consultant, the additional staff member is expected to be more cost efficient than hiring outside consultants. *The Governor does not recommend funding or staffing.*

Engineering Specialists II (5.0 FTE). The Commission requests \$518,685 from restricted receipts assessed to the regulated utilities and authorization for 5.0 new full-time engineering specialists to start at the beginning of FY 2020. This request reflects a full year of funding for these positions. As of November 2, 2018, 3.0 of the Commission's 4.0 authorized full-time engineering specialists are filled. According to the Commission, these positions are necessary to manage the engineering integrity of residential gas systems and to monitor the expanding distribution of energy throughout the state.

One position would be responsible for evaluating upcoming complex investments in the utility distribution system, including expanding energy generation from wind and solar installations. Four positions would be responsible for the enforcement of Dig Safe laws and federal pipeline safety enforcement. Dig Safe is a not-for-profit clearinghouse that notifies participating utility companies of individuals' plans to dig on their property. The utility company will come out and mark out the location of underground facilities to prevent damage. The Commission notes that the events surrounding the Columbia Gas disaster in Massachusetts in September 2018 highlighted the importance of the integrity of energy infrastructure. The engineers would be responsible for the enforcement of state and federal regulations pertaining to the operation and maintenance of underground natural gas pipelines in Rhode Island. *The Governor recommends \$0.2 million and authorization for 2.0 new full-time equivalent positions.*

Regulatory Research Specialist (1.0 FTE). The Commission requests \$91,735 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time regulatory research specialist position for the Division to start at the beginning of FY 2020. This request reflects a full year of funding for this position. This position would be responsible for conducting research involving changing energy distribution systems, the Renewable Energy Growth Program, and the oversight of two renewable contracting standards for clean energy resources. This position will also be involved in drafting new legislation, tracking the development of bills submitted to the General Assembly, and coordinating Commission and staff members on the positions to be taken on various bills. This position will also assist in the drafting of orders and determining problem areas that may require additional review and make recommendations for the same.

The Commission indicates that it needs this position in part because of changes to the distribution system related to the recently amended state policies to add more distributed generation, net metering and net metering options. This is the same position requested as part of the FY 2018 and FY 2019 budget request. The Governor recommended the funding and staffing in FY 2018 as requested but the Assembly did not concur. The Governor did not recommend funding for FY 2019 and the Assembly concurred. *The Governor does not recommend funding or staffing.*

Public Utilities Analyst III (1.0 FTE). The Commission requests \$89,185 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time public utilities analyst position for the Division to start at the beginning of FY 2020. This request reflects a full year of funding for this position. The position would be responsible for monitoring power sector transformation initiatives that result in additional cost recovery mechanisms impacting consumer rates. Additionally, the position would be responsible for monitoring how ratepayer dollars are spent, and promoting the most cost effective way to spend ratepayer dollars. *The Governor recommends funding and staffing as requested.*

Transportation Network Company Regulatory Oversight. The Commission requests \$111,000 for the regulation of transportation network companies which is \$102,000 more than enacted from restricted receipts. Rhode Island General Law, Section 39-14.2-5 allows the Commission to regulate transportation network companies, such as Lyft and Uber, and establishes the application and annual renewal fees to operate in Rhode Island. The request includes \$41,971 to pay for a portion of three employees' salaries and benefits to conduct the oversight, \$9,100 to travel to conferences regarding the best way to regulate Uber and Lyft, \$22,679 for additional office supplies, \$30,000 for an electric vehicle that will be used for enforcement purposes, and \$7,250 for all other expenditures. *The Governor recommends \$15,000 less than requested for supplies and consistent with the revised recommendation.*

Electronic Business Portal. The Commission requests \$250,000 from restricted receipts for a new electronic business portal. This request is the same as the one presented in the Commission's capital budget seeking a portal for docket management and e-filing capabilities for licensing. It also requests funding to acquire an in-house task scheduler for employees to track dockets and create time frames to complete their tasks. Additionally, the Commission wants to implement a "list serve" which is a service where the public

can add themselves to follow specific dockets by adding their email to the service list of a docket. The Commission reports that these upgrades will relieve staff time by reducing document filing and streamlining docket management responsibilities.

The capital budget request includes \$125,000 from restricted receipts and \$125,000 from the Information Technology Investment Fund. However, if the Commission is denied funding from the Information Technology Investment Fund, it has requested to fund this project entirely from restricted receipts. *The Governor recommends the full \$250,000 of funding from restricted receipts.*

Other Salaries and Benefits. The Commission requests \$8.1 million, which is \$0.5 million more than enacted, from all sources for all other salary and benefit expenses for the remaining 53.0 full-time equivalent positions. The request fully funds all positions and includes step increases, employee benefit selections, and current service adjustments consistent with Budget Office planning values. In FY 2018, the Commission averaged 48.0 filled positions. As of the pay period ending December 14, 2018, the Commission had 6.0 vacant positions. *The Governor recommends funding as requested.*

Rate Case Reserve Account. The Commission requests \$1.4 million from restricted receipts for expenses incurred for hearings and investigations of rate case applications and other filings. This is consistent with the enacted budget and the Commission's revised request. Funds are used to purchase materials, contract with external legal counsel, official stenographers, engineers, accountants, economists, other expert witnesses, and for all other necessary expenses. *The Governor recommends \$618,896 more from the Rate Case Reserve Account than requested which reflects an increase in utility rate cases and annual filings that require a docket hearing.*

Energy Facility Siting Board. Consistent with its revised request and enacted budget, the Commission includes \$0.2 million from restricted receipts to support the work of the Energy Facility Siting Board for FY 2020, which aligns it with FY 2017 spending; it is approximately \$65,000 more than spent in FY 2018. The Energy Facility Siting Board regulates the issuance of licenses to construct major energy facilities. All expenditures related to the investigation are billed back to the applicants. Funding is primarily used for expert witnesses, stenographers, print advertising notices and advisory opinions. *The Governor recommends funding as requested.*

Centralized Services. The Commission requests \$90,324 from restricted receipts for centralized information technology services which is consistent with the enacted budget. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$1,031 more than requested based on billings through November.*

Other Operations. The Commission requests \$1.6 million from all sources, which is \$31,704 more than enacted for all other operation expenditures. This includes \$1,704 more from federal funds from the gas pipeline safety program for additional travel expenses for trainings and \$30,000 more from restricted receipts to purchase a new electric vehicle. Additionally, the Commission requests \$10,000 more for financial services offset by a reduction of \$10,000 for outside legal services consistent with revised request. *The Governor recommends funding as requested.*

Executive Office of Health and Human Services

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 136,389,486	\$ 193,477,572	\$ 198,978,223	\$ 191,897,277
Medical Assistance	2,470,573,254	2,484,356,244	2,555,675,403	2,490,802,214
Office of Veterans' Affairs*	-	-	-	40,291,206
Office of Elder Affairs*	-	-	-	22,105,639
Total	\$ 2,606,962,740	\$ 2,677,833,816	\$ 2,754,653,626	\$ 2,745,096,336
Expenditures by Category				
Salaries and Benefits	\$ 31,534,873	\$ 32,079,524	\$ 33,884,482	\$ 62,247,409
Contracted Services	71,974,663	126,198,047	132,480,055	131,006,096
Subtotal	\$ 103,509,536	\$ 158,277,571	\$ 166,364,537	\$ 193,253,505
Other State Operations	9,469,725	9,615,204	9,818,769	20,008,939
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,493,893,594	2,508,825,150	2,577,939,045	2,531,296,002
Capital	89,885	1,115,891	531,275	537,890
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,606,962,740	\$ 2,677,833,816	\$ 2,754,653,626	\$ 2,745,096,336
Sources of Funds				
General Revenue	\$ 982,916,072	\$ 989,336,794	\$ 1,022,797,582	\$ 1,033,465,709
Federal Aid	1,605,800,743	1,664,241,111	1,705,266,669	1,685,722,447
Restricted Receipts	18,245,925	24,255,911	26,589,375	25,908,180
Other	-	-	-	-
Total	\$ 2,606,962,740	\$ 2,677,833,816	\$ 2,754,653,626	\$ 2,745,096,336
FTE Authorization	192.0	195.0	192.0	479.1

*Transferred from the Department of Human Services

Summary. The Executive Office requests \$2,754.7 million from all sources including \$1,022.8 million from general revenues, \$1,705.3 million from federal funds and \$26.6 million from restricted receipts and a staffing level of 192.0 in its unconstrained request. The request is \$147.7 million more than enacted, including \$39.9 million more from general revenues, \$99.5 million more from federal funds and \$8.3 million more from restricted receipts. The Executive Office's constrained request lowers medical assistance expenditures by \$28.5 million from all sources, including \$12.3 million from general revenues and \$16.2 million from federal funds. It does not make any reductions in the Central Management program.

The Governor recommends expenditures of \$2,745.1 million from all sources, including \$1,033.5 million from general revenues. This is \$138.1 million more than enacted and \$9.6 million less than requested from all sources. It is \$50.5 million more than enacted and \$10.7 million more than requested from general revenues. The Governor adds \$7.5 million more than requested, including \$2.7 million more from general revenues for contracts that the Executive Office did not request appropriate funding in its request and in some cases had already entered into.

The Governor also includes Article 2 of 2019-H 5151 to transfer the Office of Veterans' Affairs and the Department of Human Services' Division of Elderly Affairs, renaming it the Office of Elder Affairs, to the Executive Office. She includes \$40.3 million for the Office of Veterans Affairs and \$22.1 million for the Office of Elder Affairs. The Governor includes 252.1 positions for the Office of Veterans' Affairs, 12.0 more than enacted, the enacted level of 31.0 positions for the Office of Elder Affairs and 196.0 positions for the Executive Office, 3.0 more than enacted. For the Executive Office, the Governor realigns titles and duties for several positions to provide upgrades that meet a new organizational plan.

Note to Reader. There is a separate Medicaid report in the Special Reports section of this publication with more extensive detail on Medicaid spending, benefits, programs, rules and comparisons.

Target Issues. The Budget Office provided the Executive Office with a general revenue target of \$972.3 million. The amount includes current service adjustments of \$40.5 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$51.1 million.

FY 2020 Budget	Ex. Office of Health &		
	Budget Office	Human Services	Difference
FY 2019 Enacted	\$ 982,916,072	\$ 982,916,072	\$ -
Current Service Adjustments	40,510,050	39,881,510	(628,540)
Change to FY 2019 Enacted	\$ 40,510,050	\$ 39,881,510	\$ (628,540)
FY 2020 Current Service/Unconstrained Request	\$ 1,023,426,122	\$ 1,022,797,582	\$ (628,540)
Target Reduction/Initiatives	(51,087,369)	(12,289,641)	38,797,728
FY 2020 Constrained Target/Request	\$ 972,338,753	\$ 1,010,507,941	\$ 38,169,188
<i>Change to FY 2019 Enacted</i>	\$ (10,577,319)	\$ 27,591,869	\$ 38,169,188

The constrained budget submitted by the agency is \$38.2 million above the target. The proposals to achieve the reductions are noted among the items described where appropriate. *Excluding the transfers, the Governor's recommendation is \$26.9 million above the target.*

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

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.

Caseload Estimating Conference. The medical and caseload estimating conference, as outlined in Rhode Island General Law, Chapter 35-17 meets at least twice a year, November and May, to provide for a more stable and accurate method of financial planning and budgeting. The conference estimators take testimony from the Executive Office for medical assistance expenses, including long-term care, managed care programs, hospitals, pharmacy and other medical services. The Department of Human Services provides testimony for Rhode Island Works, Supplemental Security Income program, general public assistance, and child care. The separate agencies report a preliminary estimate in testimony, which forms the basis for the caseload estimate adopted by the State Budget Officer and House and Senate Fiscal Advisors.

The estimates are based only on current law and practice. The November Caseload Conference adopted estimate is the starting point for the Governor's revised and budget year recommendations. Any changes made in the Governor's budgets for either medical or cash assistance to the estimate must represent a status or policy change not contemplated in the current law estimate. Any expenditure revisions in the May estimate are incorporated into the final appropriation adjusting for any changes made by the Assembly.

Medical Assistance

The Caseload Estimating Conference met on November 7, 2018 and based on current law set the FY 2020 medical assistance expenses at \$2,523.8 million, including \$997.9 million from general revenues. This is \$96.3 million more than enacted, including \$43.5 million more from general revenues. The table shows medical assistance expenses in FY 2017 and FY 2018, as enacted by the 2018 Assembly for FY 2019, adopted by the caseload estimators and recommended by the Governor. Each category is discussed separately.

Medical Assistance	FY 2017 Spent	FY 2018 Spent	FY 2019 Enacted	FY 2019 Revised	FY 2020 Nov. CEC	FY 2020 Gov. Rec.
Hospitals						
Regular Payments	\$ 50.3	\$ 53.9	\$ 52.6	\$ 56.6	\$ 59.3	\$ 47.9
DSH Payments	138.1	139.7	138.6	138.5	139.7	139.7
Total	\$ 188.4	\$ 193.6	\$ 191.2	\$ 195.1	\$ 199.0	\$ 187.6
Long Term Care						
Nursing and Hospice Care	\$ 195.9	\$ 176.7	\$ 313.8	\$ 318.7	\$ 362.4	\$ 349.5
Home and Community Care	53.2	49.2	82.5	81.0	91.9	88.8
Total	\$ 249.1	\$ 226.0	\$ 396.3	\$ 399.7	\$ 454.3	\$ 438.3
Managed Care						
Rlte Care	\$ 611.5	\$ 628.6	\$ 662.5	\$ 651.0	\$ 675.6	\$ 659.5
Rlte Share	7.3	7.0	6.8	4.8	5.0	5.0
Fee For Service	62.2	62.4	62.8	67.4	63.5	63.5
Total	\$ 681.0	\$ 698.0	\$ 732.1	\$ 723.2	\$ 744.0	\$ 727.9
Rhody Health Partners	\$ 238.7	\$ 224.7	\$ 258.1	\$ 249.7	\$ 274.0	\$ 262.9
Medicaid Expansion	\$ 437.9	\$ 460.6	\$ 469.2	\$ 474.7	\$ 498.2	\$ 483.7
Rhody Health Options	\$ 345.8	\$ 364.2	\$ 192.6	\$ 202.5	\$ 140.0	\$ 134.6
Pharmacy	\$ (4.9)	\$ (3.9)	\$ (0.5)	\$ (0.6)	\$ (0.5)	\$ (0.5)
Pharmacy Part D Clawback	\$ 59.1	\$ 64.3	\$ 66.0	\$ 69.4	\$ 74.7	\$ 74.7
Other Medical Services	\$ 106.5	\$ 123.9	\$ 122.6	\$ 127.6	\$ 140.1	\$ 138.6
Federal Funds	\$ 1,371.4	\$ 1,410.1	\$ 1,464.3	\$ 1,471.5	\$ 1,516.9	\$ 1,469.9
General Revenues	919.3	929.7	954.3	960.8	997.9	968.8
Restricted Receipts	11.0	11.7	9.0	9.0	9.0	9.0
Total*	\$ 2,301.7	\$ 2,351.5	\$ 2,427.6	\$ 2,441.3	\$ 2,523.8	\$ 2,447.8

\$ in millions

The Governor recommends \$2,447.8 million, including \$968.8 million from general revenues; she proposes \$76.0 million in savings, including \$29.1 million from general revenues. She transfers \$3.3 million, including \$1.7 million from general revenues, to central management related to two contracts for the Rhody Health Redesign included in the medical assistance caseload estimate.

Constrained Budget Proposals

The Executive Office's FY 2020 constrained request of \$2,484.2 million, of which \$981.8 million is from general revenues, is \$28.5 million less than requested from all sources and \$12.3 million less from general revenues in the medical assistance program. The constrained request is also \$39.6 million less than the adopted estimate, including \$16.0 million less from general revenues. The following table shows the changes to the request by program.

Program	Constrained Budget Savings			Governor's Budget Proposals by Program		
	General Revenues	Federal Funds	Total	General Revenues	Federal Funds	Total
Hospitals	\$ (1.5)	\$ (0.6)	\$ (2.0)	\$ (5.1)	\$ (6.3)	\$ (11.4)
Long Term Care	(3.7)	(4.1)	(7.8)	(7.5)	(8.5)	(16.0)
Managed Care	(3.4)	(4.4)	(7.7)	(6.5)	(9.6)	(16.1)
Rhody Health Partners	(1.3)	(1.4)	(2.7)	(4.7)	(6.5)	(11.1)
Medicaid Expansion	(0.4)	(4.6)	(5.0)	(1.3)	(13.1)	(14.5)
Rhody Health Options	(0.8)	(0.9)	(1.7)	(2.6)	(2.7)	(5.4)
Other Medical Services	(1.2)	(0.3)	(1.5)	(1.2)	(0.3)	(1.5)
Total	\$ (12.3)	\$ (16.2)	\$ (28.5)	\$ (29.1)	\$ (47.0)	\$ (76.0)

Note: There are 6 proposals with 3 that impact multiple programs; each proposal is discussed in the appropriate section/total in millions.

The Executive Office's request includes six savings proposals that impact the medical assistance program. Several of the initiatives impact only one program, but \$26.0 million, including \$10.1 million from general revenues, of the savings initiatives impact multiple programs, including hospitals, long term care, Rite Care, Rhody Health Partners, Medicaid expansion and Rhody Health Options. The Executive Office's request includes savings of \$24.2 million from all funds, including \$9.3 million from general revenues from rate freezes to nursing facilities and hospitals; this is 85 percent of the savings. All the savings proposals are shown separately in the following tables and further explained in the appropriate program sections.

Proposal	Hospitals		Long Term Care		Managed Care Programs		Other Medical Services		Total		Governor's Action*
	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	
Hospital Rate Freeze	\$ (0.5)	\$ (1.0)	\$ -	\$ -	\$ (4.7)	\$ (14.4)	\$ -	\$ -	\$ (5.2)	\$ (15.4)	Accepted
Graduate Medical Education	(1.0)	(1.0)	-	-	-	-	-	-	(1.0)	(1.0)	Accepted
Nursing Facilities Rate Freeze	-	-	(3.7)	(7.8)	(0.5)	(1.0)	-	-	(4.1)	(8.8)	Accepted
Hospice Rates	-	-	[(2.6)]	[(7.5)]	-	-	-	-	[(2.6)]	[(7.5)]	Recommended
Dual Eligible Utilization Management	-	-	[(2.0)]	[(4.2)]	-	-	-	-	[(2.0)]	[(4.2)]	Recommended
Rhody Health Redesign Contracts to Central	-	-	[(1.7)]	[(3.3)]	-	-	-	-	[(1.7)]	[(3.3)]	Recommended
Hepatitis C Coverage	-	-	[(4.5)]	[(16.2)]	-	-	-	-	[(4.5)]	[(16.2)]	Recommended
Managed Care Plans Performance Goal Elimination	-	-	-	-	[(0.9)]	[(5.1)]	-	-	[(0.9)]	[(5.1)]	Recommended
Managed Care Plans C-Section Births	-	-	-	-	[(0.1)]	[(0.3)]	-	-	[(0.1)]	[(0.3)]	Recommended
Federally Qualified Health Centers	-	-	-	-	[(1.9)]	[(5.3)]	-	-	[(1.9)]	[(5.3)]	Recommended
Pharmacy Rebates	-	-	-	-	(0.8)	(1.8)	-	-	(0.8)	(1.8)	Accepted
Cortical Integrated Therapy	-	-	-	-	-	-	(1.0)	(1.0)	(1.0)	(1.0)	Accepted
Estate Recovery	-	-	-	-	-	-	(0.2)	(0.5)	(0.2)	(0.5)	Accepted
Total	\$ (1.5)	\$ (2.0)	\$ (3.7)	\$ (7.8)	\$ (5.9)	\$ (17.1)	\$ (1.2)	\$ (1.5)	\$ (12.3)	\$ (28.5)	

All \$ in millions/*Savings were changed in the Governor's recommended budget

The Governor recommends \$2,447.8 million, including \$968.8 million from general revenues; she proposes \$76.0 million in savings, including \$29.1 million from general revenues. The bracketed items are included in the Governor's recommended budget; however, were not requested by the Executive Office.

Constrained Budget Proposals - Managed Care Benefits

Managed care program savings of \$17.1 million, including \$5.9 million from general revenues are from three proposals in the four programs. The savings are shown by proposal and program in the following table.

Managed Care Benefits	Managed Care		Rhody Health Partners		Rhody Health Options		Medicaid Expansion		Total		Governor's Action*
	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	Gen. Rev.	Total	
Hospital Rate Freeze	\$ (2.9)	\$ (6.8)	\$ (1.2)	\$ (2.6)	(0.1)	(0.2)	\$ (0.4)	\$ (4.7)	\$ (4.7)	\$ (14.4)	Accept
Nursing Facilities Rate Freeze	-	-	-	-	(0.5)	(1.0)			(0.5)	(1.0)	Accept
Hepatitis C Coverage	[(0.4)]	[(0.8)]	[(3.4)]	[(7.2)]	[(0.07)]	[(0.2)]	[(0.7)]	[(8.0)]	[(4.5)]	[(16.2)]	Recommended
Managed Care Plans Performance Goal Elimination	[(0.6)]	[(3.3)]	[(0.1)]	[(1.5)]	-	-	[(0.1)]	[(0.3)]	[(0.9)]	[(5.1)]	Recommended
Managed Care Plans C-Section Births	[(0.1)]	[(0.3)]	-	-	-	-	-	-	[(0.1)]	[(0.3)]	Recommended
Federally Qualified Health Centers - In plan	[(1.8)]	[(4.0)]	-	-	-	-	[(0.1)]	[(1.3)]	[(1.9)]	[(5.3)]	Recommended
Rhody Health Redesign Contracts to Central Management	-	-	-	-	[(1.7)]	[(3.3)]	-	-	[(1.7)]	[(3.3)]	Recommended
Pharmacy Rebates	(0.5)	(1.0)	(0.02)	(0.05)	(0.2)	(0.5)	(0.0)	(0.2)	(0.8)	(1.8)	Accept
Total	\$ (3.4)	\$ (7.7)	\$ (1.3)	\$ (2.7)	\$ (0.8)	\$ (1.7)	\$ (0.4)	\$ (5.0)	\$ (5.9)	\$ (17.1)	

All \$ in millions/*Savings were changed in the Governor's recommended budget

Of the \$17.1 million in savings, three proposals impact benefits across managed care programs and those proposals are discussed in the following sections as well as noted again in the program sections. There is one initiative that the impacts the managed care plans which is discussed below. The two that impact both managed care and fee-for-service programs are discussed in the fee-for-service benefits section. *The Governor recommends savings of \$57.7 million, including \$15.2 million from general revenues in the managed care and expansion programs.*

Pharmacy Rebates. The Executive Office proposes savings of \$1.8 million from all sources, including \$0.8 million from general revenues, from updating the Medicaid policy for drug rebate collections to reflect a federal change that requires states to invoice for costs based on the date of service rather than the date of payment. The Executive Office reports that this change allows for the potential to increase unclaimed rebate funds. *The Governor recommends this proposal.*

Constrained Budget Proposals - Fee-For-Service Benefits

Fee-for-service benefits decrease by \$11.3 million from all sources, including \$6.4 million less from general revenues in the programs where the benefit is provided on a fee-for-services basis. The following table shows those savings by proposal and program.

Finally, there are three proposals that impact programs in both the managed care and fee-for-service programs and each is discussed as follows. *The Governor recommends savings of \$29.0 million, including \$13.9 million from general revenues in the fee-for-service programs.*

Fee-For-Service Benefits	Hospitals		Long Term Care		Other Medical		Total		Governor's Action*
	Gen. Rev.	Total							
Hospital Rate Freeze	\$ (0.5)	\$ (1.0)	\$ -	\$ -	\$ -	\$ -	\$ (0.5)	\$ (1.0)	Accept
Inpatient Upper Payment Limit Reimbursement	[(3.6)]	[(9.4)]	-	-	-	-	[(3.6)]	[(9.4)]	Recommended
Graduate Medical Education	(1.0)	(1.0)	-	-	-	-	(1.0)	(1.0)	Accept
Nursing Facilities Rate Freeze	-	-	(3.7)	(7.8)	-	-	(3.7)	(7.8)	Accept
Hospice Rates	-	-	[(2.6)]	[(7.5)]	-	-	[(2.6)]	[(7.5)]	Recommended
Dual Eligible Utilization Mgt.	-	-	[(2.0)]	[(4.2)]	-	-	[(2.0)]	[(4.2)]	Recommended
Cortical Integrated Therapy Services	-	-	-	-	(1.0)	(1.0)	(1.0)	(1.0)	Accept
Estate Recovery	-	-	-	-	(0.2)	(0.5)	(0.2)	(0.5)	Accept
Total	\$ (1.5)	\$ (2.0)	\$ (3.7)	\$ (7.8)	\$ (1.2)	\$ (1.5)	\$ (6.4)	\$ (11.3)	

All \$ in millions/*Savings were changed in the Governor's recommended budget

Hospital Rate Freeze. The Executive Office proposes savings of \$15.4 million from all sources, including \$5.2 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans and requires a statutory change and a category II change under the Medicaid waiver. The FY 2014, FY 2015, and FY 2016 budgets froze the outpatient and inpatient rates for hospitals. The Governor's FY 2018 and FY 2019 recommended budgets froze the rates, but the Assembly did not concur and restored the savings. Rates were increased in FY 2011 and FY 2017 and reduced by legislative action in the FY 2012 and FY 2013 budgets.

It should be noted that there is a potential cost shift to the upper payment limit reimbursement in the fee-for-service program, which pays the difference between Medicare and Medicaid payments if this proposal were to be accepted and the proposal to eliminate the reimbursement is not.

The November estimate includes only \$13.6 million from all sources, of which \$5.2 million is from general revenues across all programs for the hospital rate increase. This reduces the potential savings from this proposal.

The Governor recommends this proposal and includes Section 2 of Article 16 to freeze the rates at the FY 2019 level. The recommended budget includes savings of \$15.1 million, including \$5.3 million from general revenues from this change. Adjusting for the \$0.3 million revenue loss from this proposal, the net state savings is \$5.1 million.

Her recommendation assumes savings that is \$1.5 million higher than the rate increases included in the November caseload estimate, of which \$0.1 million is from general revenues. There is different distribution of savings among programs with the largest discrepancy in the Medicaid expansion program.

Nursing Facilities Rate Freeze. The Executive Office's budget includes savings of \$8.8 million, of which \$4.1 million is from general revenues from eliminating the October 1, 2019 rate increase for the nursing facilities. The rate freeze would result in lower revenues for nursing homes, which would lower taxes paid by \$0.5 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$3.6 million.

The rates were frozen in FY 2018 and for FY 2019 there was a 1.5 percent increase on July 1, 2018 and another 1.0 percent increase on October 1, 2018.

The November estimate includes \$10.7 million, of which \$5.1 million is from general revenues, across all programs for a nursing home rate increase projected to be 3.6 percent.

The Governor includes Section 2 of Article 16 to limit the October 1, 2019 rate increase to one percent. The recommended budget includes savings of \$7.5 million, including \$3.5 million from general revenues. The associated provider tax revenue loss of \$0.4 million makes the net savings \$3.1 million.

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$199.0 million, \$93.2 million from general revenues. It includes \$59.3 million for direct medical services and \$139.7 million for uncompensated care payments to community hospitals. *The Governor includes \$187.6 million of which \$88.1 million is from general revenues. This is \$11.4 million less than the conference estimate, including \$5.1 million from general revenues.*

Hospitals. The November Caseload Estimating Conference estimate includes FY 2020 expenditures of \$59.3 million, including \$26.9 million from general revenues. The estimate is \$6.7 million more than enacted, including \$1.9 million from general revenues for updated program costs. The revised estimate is \$3.9 million more than enacted for an increase in patient days.

The estimate includes a 5.3 percent increase for inpatient and outpatient rates and does not include an increase for patient days. The estimate also includes the \$15.7 million upper reimbursement payment made to the community hospitals and \$1.0 million for graduate medical education activities.

The Executive Office proposes savings of \$2.0 million from all sources, including \$1.5 million from general revenues, from a hospital rate freeze and elimination of the payment for graduate medical assistance activities, discussed separately.

The Governor recommends \$47.9 million, including \$21.8 million from general revenues. This is \$11.4 million less than the conference estimate, including \$5.1 million from general revenues. The reduction to hospitals largely represents savings from eliminating the inpatient upper payment limit reimbursements, freezing rates at the FY 2019 level and changes to the graduate medical education program.

The following table shows the request and the Governor's recommendation. Items bracketed are included in the Governor's recommendation but were not requested by the Executive Office.

Hospitals - Constrained Budget Savings Proposals			
Proposals	Gen. Rev.	All Funds	Gov. Rec.
Hospital Rate Freeze	\$ (495,643)	\$ (1,048,757)	Accepted*
Inpatient Upper Payment Limit Reimbursement	[(3,581,234)]	[(9,350,481)]	Recommended
Graduate Medical Education	(1,000,000)	(1,000,000)	Accepted
Total	\$ (1,495,643)	\$ (2,048,757)	

**Savings were changed in the Governor's recommended budget*

Hospital Rate Freeze. The Executive Office proposes savings of \$15.4 million from all sources, including \$5.2 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect fee-for-services direct payments to hospitals by the state and payments made through the managed care plans and are noted in each section of this analysis. The request includes savings of \$1.0 million from all sources, including \$0.5 million from general revenues in fee-for-service hospital expenses from the proposed rate freeze, which requires a statutory change and a category II change under the Medicaid waiver. The FY 2014, FY 2015, and FY 2016 budgets froze the outpatient and inpatient rates for hospitals. The Governor's FY 2018 and FY 2019 budgets recommended freezing the rates but the Assembly did not adopt those proposals. Rates were increased in FY 2011 and FY 2017 and reduced by legislative action in the FY 2012 and FY 2013.

It should be noted that there is a potential cost shift to the upper payment limit reimbursement, which pays the difference between Medicare and Medicaid payments if this proposal were to be accepted, and the proposal to eliminate the reimbursement is not. *The Governor recommends this proposal and includes savings of \$1.1 million, including \$0.5 million from general revenues in the fee-for-service program. She includes Section 2 of Article 16 to make the change.*

Disproportionate Share Payments to Hospitals. The November caseload estimate includes \$139.7 million for the disproportionate share payments for uncompensated care costs to the state’s community hospitals. This includes \$66.3 million from general revenues and \$73.4 million from matching federal funds.

Rhode Island’s calculation for the uncompensated care payments includes costs incurred treating uninsured individuals and the Medicaid “shortfall” which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital’s costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; the difference is that the reimbursements through the state are the same. *The Governor recommends funding consistent with the caseload estimate. She includes Article 18 to extend the uncompensated care payments for FY 2021 that does not exceed \$139.7 million.*

Community Hospitals Payments	FY 2018 Reported	FY 2019 Enacted	FY 2020 Nov. CEC	FY 2020 Gov. Rec.	Gov. Change to Nov CEC
State	\$ 68,418,383	\$ 67,290,300	\$ 66,263,963	\$ 66,263,963	\$ -
Federal	71,267,984	71,309,700	73,445,003	73,445,003	-
Subtotal	\$ 139,686,367	\$ 138,600,000	\$ 139,708,966	\$ 139,708,966	\$ -
Upper Payment Limit					
State	\$ 9,963,213	\$ 5,851,771	\$ 5,697,448	\$ 2,116,214	\$ (3,581,234)
Federal	10,505,262	9,819,982	9,974,305	4,205,058	(5,769,247)
Subtotal	\$ 20,468,475	\$ 15,671,753	\$ 15,671,753	\$ 6,321,272	\$ (9,350,481)
Graduate Medical Education					
State	\$ 4,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Total	\$ 164,154,842	\$ 155,271,753	\$ 156,380,719	\$ 139,708,966	\$ (16,671,753)

Upper Payment Limit Reimbursements. The November caseload estimate includes the enacted amount of \$15.7 million from all sources, of which \$5.7 million is from general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state’s community hospitals.

Hospitals currently receive quarterly inpatient and outpatient supplemental upper payment limit based payments. The reimbursement provides adjustments to increase resources to community hospitals by paying a rate that is equal to what Medicaid would pay for the same services. Under current federal regulations, states have great flexibility in setting the Medicaid rates that they pay to nursing homes, hospitals and other providers. The regulations establish that states may pay facilities a total amount up to the level that Medicare would pay for the same services, group facilities together in calculating this upper payment limit, and pay some facilities more than others. This has allowed states to recognize that some public facilities have higher operating costs due to patient populations that are sicker and more likely to have no health care coverage at all. *The Governor includes Section 3 of Article 16 to eliminate the inpatient upper payment limit reimbursement for savings of \$9.4 million, of which \$3.6 million is from general revenues; she continues to include the outpatient upper limit payment totaling \$6.3 million of which \$2.1 million is from general revenues.*

Graduate Medical Education. The enacted budget includes \$1.0 million from general revenues for graduate medical education at the state’s community hospitals. The Executive Office’s revised request and the November caseload estimate include the funding.

The constrained request eliminates this payment. *The Governor recommends Section 11 of Article 16 to eliminate the payment.*

Hospital License Fee. The Assembly included Section 2 of Article 7 of 2018-H 7200, Substitute A, as amended, which set the FY 2019 license fee at 6.0 percent based on 2017 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 4.02 percent fee. Collections total \$180.8 million including \$174.0 million from the community hospitals and \$6.8 million from the state payment made on behalf of Eleanor Slater Hospital. *The Governor includes Article 19 for the FY 2020 payment that totals \$180.8 million.*

FY 2020 Hospital License Fee	FY 2019 Enacted	FY 2020 Gov. Rec.	Gov. Change to Enacted
<i>Base Year</i>	2017	2017	
<i>Tax Rate</i>	6.0%	6.0%	
Community Hospital License Fee	\$ 178,794,058	\$ 178,794,058	\$ -
Washington County Hospitals Waiver	(4,748,735)	(4,748,735)	-
Subtotal Licensing fee	\$ 174,045,323	\$ 174,045,323	\$ -
Slater License Fee	6,759,342	6,759,342	-
Total	\$ 180,804,665	\$ 180,804,665	\$ -

Long Term Care

The Caseload Estimating Conference estimate includes long term care expenses at \$454.3 million, of which \$214.2 million is from general revenues. This includes \$362.4 million for nursing facilities and hospice care and \$91.9 million for home and community care. The estimate is \$58.0 million more than enacted, including \$28.3 million more from general revenues; it is \$52.3 million above the revised estimate for FY 2019. The increase includes updated costs for elimination of the Unity program which transferred expenses from the Rhody Health Option managed care plan to the fee-for-service program.

The constrained budget includes savings of \$7.8 million from all sources, including \$3.7 million from general revenues from the proposal to freeze nursing home rates which is discussed separately. Long term care fee-for-service costs total \$454.3 million and combined with the \$140.0 million in Rhody Health Options total \$594.3 million, including \$280.2 million from general revenues. The conference increased expenses by \$5.4 million, including \$1.8 million from general revenues for services to the elderly and disabled compared to the enacted budget.

The Governor recommends \$438.3 million, including \$164.8 million from general revenues for fee-for-service costs. This is \$16.0 million less than the conference estimate, including \$7.5 million less from general revenues. The Governor includes three proposals, discussed separately.

Long Term Care - Constrained Budget Savings Proposals			
Proposal	Gen. Rev.	All Funds	Gov. Rec.
Nursing Facilities Rate Freeze	\$ (3,682,914)	\$ (7,792,879)	Accepted*
Hospice Rates	[(2,592,700)]	[(5,000,000)]	Recommended
Dual Eligible Utilization Management	[(1,956,903)]	[(4,151,258)]	Recommended
Total	\$ (3,682,914)	\$ (7,792,879)	

**Savings were changed in the Governor's recommended budget*

When combining with Rhody Health Options, the Governor recommends \$572.9 million from all sources, including \$270.1 million from general revenues for long term care services and supports.

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2020 expenditures of \$362.4 million, of which \$170.8 million is from general revenues for the state's 84 nursing facilities. The estimate is \$48.6 million more than enacted, including \$21.5 million more from general revenues. The estimate is \$41.0 million more than the revised estimate for FY 2019 and includes the annualized costs for elimination of the Unity managed care program that transfers expenses into the fee-for-service program.

It should be noted that the Executive Office requests \$3.0 million from all sources, including \$1.3 million from general revenues, to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. When Phase I was eliminated on October 1, 2018, approximately 11,000 individuals were shifted to the fee-for-service Medicaid program. The contract which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are to be provided to 200 individuals from October 1 to December 31, 350 individuals through March 31, and 500 individuals beginning April 1, 2019. The Executive Office's revised request shows funding for this contract in the central management program; it is included in the November caseload estimate. *The Governor recommends \$349.5 million, including \$164.8 million from general revenues; this is \$12.9 million less from all sources, \$6.1 million less from general revenues is from the savings proposals.*

Nursing Facilities Rate Freeze. The Executive Office's budget includes savings of \$8.8 million, of which \$4.1 million is from general revenues from eliminating the October 1, 2019 rate increase for the nursing facilities. This includes savings of \$7.8 million from all sources, including \$3.7 million from general revenues in the fee-for-service program. The rate freeze would result in lower revenues for nursing homes, which would lower taxes paid by \$0.5 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$3.9 million. It should be noted that the rate freeze is also applied to expenses in the Rhody Health Options program.

The November estimating conference assumes a fee-for-service rate increase of 3.6 percent that totals \$9.5 million, including \$4.5 million from general revenues.

The Governor includes Section 2 of Article 16 to limit the rate increase to one percent for savings of \$6.4 million, including \$3.0 million in the fee-for-service program. The associated provider tax revenue loss of \$0.3 million lowers the state savings to \$2.7 million.

Hospice Care Rates. The Assembly included Section 4 of Article 13 of 2018-H 7200 Substitute A, as amended, to increase the rates paid for home care providers, home nursing care providers and hospice providers to deliver skilled nursing and therapeutic services and hospice care. Hospice care can be provided in different settings including a nursing facility. In that setting, once a nursing home resident has transitioned from a skilled nursing bed, for which the state pays a daily rate, to hospice under the care of a licensed hospice agency while still residing in the nursing home, the state payment goes to the hospice provider for the services based on a different method. This is because Medicaid rules prevent two mandatory providers, in this case a nursing facility and hospice provider, from both billing a state for the same Medicaid beneficiary. As a result of this rule, the state currently makes two separate payments to the hospice agency for the care provided to the nursing home resident: direct services provided by the hospice agency and a second payment for room and board to be passed through to the nursing facility that is no less than 95 percent of the nursing home daily rate.

The Assembly provided funding for the 20 percent rate increase for direct services and continued to fund the room and board at 95 percent of the daily rate since it is a pass through for the nursing homes. The Executive Office has interpreted that the 20 percent increase for hospice services also includes the room and board portion contrary to the intent of the legislation and appropriation provided to fund this increase.

As of July 1, 2018, the state has been reimbursing nursing facilities 115 percent of the daily room and board rate for those residents whose payments flow through the hospice provider. The November caseload estimate adds \$5.5 million, of which \$2.6 million is from general revenues, to account for this unbudgeted increase in the room and board payment for FY 2020.

The Governor recommends \$5.5 million less than the conference estimate, including \$2.6 million less from general revenues, from the elimination of 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. Section 5 of Article 16 of 2019-H 5151 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 section is effective July 1, 2019 but the savings included in the revised budget assumes this change would be in effect January 1, 2019. The rate change received federal approval in January 2019 and is retroactive to July 1, 2018.

The Executive Office of Health and Human Services has provided additional information that clarifies that the rate increase does apply to direct services paid for hospice care in a nursing facility and is subject to the annual increase. The Office of Management and Budget notes it will be submitting an amendment to correct the proposal.

Home and Community Care. The November Caseload Estimating Conference estimate includes \$91.9 million for home and community care expenses, including \$43.3 million from general revenues for FY 2019. This is \$9.4 million more than enacted and it is \$10.9 million more than the revised estimate. The estimate includes caseload and statutorily required cost inflators consistent with the Executive Office's testimony at the caseload conference.

This includes the adjustment for some services originally assumed to receive the 10 percent rate increase and instead were deemed to qualify for the skilled nursing category and increased by 20 percent. The estimate also includes updated projections as well as \$3.0 million more from general revenues to restore unachieved savings from the Community First Choice Option, discussed separately.

The Governor includes \$88.8 million, of which \$41.8 million is from general revenues. She reduces expenses by \$3.1 million, including \$1.5 million from general revenues through this initiative.

Community First Choice Option - Unachieved Savings. The FY 2019 enacted budget includes savings of \$3.0 million from general revenues from the Governor's FY 2019 budget proposal to seek federal approval to provide the Community First Choice Option program to individuals who require an institutional level of care. The federal option provides states the ability to make available home and community based attendant services and supports to eligible individuals, as needed, to assist with activities of daily living, such as bathing, eating, and ambulatory needs and instrumental activities of daily living, such as housekeeping and laundry, social activities and maintaining appointments, and health-related tasks through hands-on assistance or supervision. The Executive Office reported in its caseload testimony that this initiative would not be implemented and the savings could not be achieved this year; the estimate restores the general revenues. While the testimony was not definitive that the savings could never be achieved, the FY 2020 estimate also excludes the initiative. *The Governor's recommendation is consistent with the conference estimate.*

Dual Eligible Utilization Management. The FY 2019 enacted budget includes savings of \$13.8 million, of which \$6.5 million is from general revenues from eliminating Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. The program was eliminated on October 1, 2018 and shifted approximately 11,000 individuals to fee-for-service Medicaid programs. The medical expenses for the population are in the fee-for-service nursing home and home and community care programs.

The Governor assumes savings of \$4.2 million, including \$2.0 million from general revenues, from reducing the monthly medical expenses for approximately 2,200 Medicaid recipients in nursing facilities and 760 recipients receiving home and community based services. It is assumed that the \$383.70 monthly cost paid through the managed care plan for the 760 members who transitioned to fee-for-service will be reduced by 90 percent to \$38.33 for savings of \$3.1 million. It would appear that the savings will be achieved from limiting services provided to this population.

For the 2,200 nursing home residents, the savings is based on lowering the \$379.50 monthly cost of medical services through the managed care plans by 10 percent to \$341.55 for savings of \$1.0 million. This is in addition to the savings from limiting the annual rate increase for nursing facilities.

Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$744.0 million of which \$322.0 million is from general revenues. The estimate includes RItE Care expenses of \$675.6 million, RItE Share expenses of \$5.0 million and fee-for-service expenses of \$63.5 million; a discussion of each follows.

The November estimate is \$11.9 million more than enacted, including \$5.6 million from general revenues and \$41.3 million less than the Executive Office’s request, including \$9.6 million more from general revenues. This includes a projected decrease in enrollment and an increase in the monthly cost per person.

The Executive Office proposes savings of \$7.7 million from all sources, including \$3.4 million from general revenues in its constrained budget for the RItE Care managed care program. Each proposal is discussed separately.

The Governor includes \$727.9 million, which is \$16.1 million less than the caseload estimate. This includes \$315.5 million from general revenues, or \$6.5 million less than estimated. The following table shows the related saving initiatives. Items bracketed are included in the Governor’s recommendation but were not requested by the Executive Office.

Managed Care			
Proposals	Gen. Rev.	All Funds	Gov. Rec.
Hospital Rate Freeze	\$ (2,912,955)	\$ (6,777,466)	Accepted*
Hepatitis C Coverage	[(365,725)]	[(775,826)]	Recommended
Managed Care Plans Performance Goal Elimination	[(627,630)]	[(3,370,729)]	Recommended
Managed Care Plans C-Section Births	[(134,349)]	[(285,000)]	Recommended
Federally Qualified Health Centers	[(1,783,122)]	[(3,975,000)]	Recommended
Pharmacy Rebates	(458,015)	(969,140)	Accepted
Total	\$ (3,370,970)	\$ (7,746,606)	

*Savings were changed in the Governor's recommended budget

RItE Care. The Caseload Estimating Conference estimated RItE Care expenditures at \$675.6 million, including \$289.4 million from general revenues, and revision to the caseload enrollment and demographics that influence program costs. The estimate assumes lower enrollment and makes adjustments to the monthly capitated rates. Functionality of the eligibility system continues to impact correct reporting and program costs. The Governor includes \$659.5 million, or \$16.0 million less than the conference estimate. This includes \$283.2 million from general revenues, or \$6.5 million less than the conference estimate.

Hospital Rate Freeze. The Executive Office proposes savings of \$15.4 million from all sources, including \$5.2 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Office includes savings of \$6.8 million from all sources, including \$2.9 million from general revenues, in the managed care program from this action, which requires a statutory change and a category II change under the Medicaid waiver. The FY 2014, FY 2015, and FY 2016 budgets froze the outpatient and inpatient rates for hospitals. The Governor's FY 2018 and FY 2019 recommended budgets froze the rate but the Assembly did not concur and restored the savings. Rates were increased in FY 2011 and FY 2017 and reduced by legislative action in the FY 2012 and FY 2013 budgets.

The November caseload estimate includes a \$6.9 million increase; the Executive Office's request is \$0.1 million below that. *The Governor recommends this proposal and includes savings of \$6.7 million, of which \$3.2 million is from general revenues.*

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018 but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$39.0 million, including \$10.5 million from general revenues for FY 2020. This is \$26.0 million more than enacted, including \$7.0 million from general revenues. For the RIte Care program, this is \$3.2 million which is \$2.0 million more than enacted. *The Governor's recommendation lowers the cost by \$0.8 million, including \$0.4 million from general revenues based on an updated internal estimate.*

Managed Care Plans Performance Goal Payment. The FY 2019 enacted budget assumes savings \$9.7 million, including \$3.3 million from general revenues, from the Executive Office setting benchmarks, to be met by the managed care plans that might include: reduction in C-Section births, emergency room utilization, and reducing expenditures for individuals with co-occurring disorders. It is anticipated that meeting the benchmarks will result in lower utilization and reduced expenses. The savings assumed a one percent penalty from the plans not meeting the benchmarks.

The Executive Office testified at the November caseload conference that the savings from this proposal, as well as the proposal to reduce the medical component portion of the rates would not be achieved and instead the savings would be achieved through the amending the contract with the managed care plan so that the plans will now be responsible for a greater share of the risk. In case of a loss, the health plans will retain greater responsibility for their relative performance; however, in the instances of improved performance by the health plans, this will allow the plans to retain a greater share of the profit.

The November caseload conference includes \$5.1 million, including \$0.9 million from general revenues, from the performance goal program that allows the managed care plans to receive additional resources from meeting specific achievements. *The Governor recommends eliminating the payment and savings of \$3.4 million, including \$0.6 million from general revenues, in the RIte Care program.*

Managed Care Plans C-Sections. The November caseload estimate assumes \$2.9 million, including \$1.4 million from general revenues for C-Section births. There are approximately 5,000 births paid by Medicaid with 30 percent from caesarian sections. *The Governor recommends savings of \$0.3 million, including \$0.1 million from general revenues, from the managed care organizations implementing a multi-year*

intervention to reduce C-section births by one-third to the national recommendation of 20 percent. No additional information has been provided to explain what the multi-year intervention approach will be to achieve the savings.

As noted, there was a savings proposal in FY 2019 to lower the number of C-Section births. The proposal was not specifically implemented and the Executive Office achieved the savings through a change in the risk share arrangement with the managed care plans.

Federally Qualified Health Centers Wrap Around Payment. The November caseload conference estimate includes approximately \$69.1 million annually for services provided to Medicaid beneficiaries through the health centers with \$29.5 million as part of the managed care rates and the remaining \$39.6 million as fee-for-service “wrap around” payments. State reimbursements made to the health plans are subject to a final year settlement process where any expenses incurred above the state reimbursement compared to the cost of the visit to the health plans is paid by the state.

The Governor recommends \$5.3 million, including \$1.9 million from general revenues for moving all expenses paid to the federally qualified community health centers into the managed care plans. She includes savings of \$4.0 million, including \$1.8 million from general revenues in RItE Care program. The savings would be achieved through lower utilization of health centers for covered services than originally assumed in the Executive Office’s request. The state is still required to monitor payments made by managed care plans to the health plans as required by federal law.

Pharmacy Rebates. The Executive Office proposes savings of \$1.8 million from all sources, including \$0.8 million from general revenues, from updating the Medicaid policy for drug rebate collections to reflect a federal change that requires states to invoice for costs based on the date of service rather than the date of payment. The Executive Office reports that it allows for the potential to increase unclaimed rebate funds. These savings affect direct payments to the managed care plans. The Executive Office includes savings of \$1.0 million, including \$0.5 million from general revenues in the managed care plan. *The Governor recommends this proposal and includes savings of \$1.0 million, of which \$0.5 million is from general revenues.*

RItE Share. The November Caseload Estimating Conference estimate includes RItE Share expenditures of \$5.0 million, including \$2.3 million from general revenues. This is \$1.9 million less than enacted including \$0.9 million from general revenues based on decreased enrollment. The Executive Office’s testimony at the caseload conference is that the decrease in enrollment is the result of functionality issues with the Unified Health Infrastructure Project.

The RItE Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of RItE Share eligible participants if the coverage is similar to the cost and services offered through RItE Care. The ability to enroll a family in RItE Share will result in lower overall managed care program costs because they can avoid enrollment in full coverage through the RItE Care program. *The Governor recommends funding consistent with the caseload estimate.*

Fee-Based Managed Care. The November Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$63.5 million from all sources, of which \$30.3 million is from general revenues. The estimate is \$0.4 million more than enacted, including \$0.2 million more from general revenues. Fee-based managed care provides additional services to those in the contracted managed care system. The Executive Office’s request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

Rhody Health Partners

The November Caseload Estimating Conference estimate includes expenditures of \$274.0 million from all sources, including \$129.9 million from general revenues for the managed care program for adults with disabilities in FY 2020. This is \$15.9 million more than enacted, of which \$6.1 million is from general revenues.

The Executive Office's constrained budget includes savings of \$2.7 million, including \$1.3 million from general revenues from two proposals.

The Governor recommends \$262.9 million, including \$125.3 million from general revenues; this is \$11.1 million less than the conference estimate, including \$4.7 million from general revenues. The following table shows the related savings initiatives. Items bracketed are included in the Governor's recommendation but were not requested by the Executive Office.

Rhody Health Partners - Constrained Budget Savings Proposals			
Proposals	Gen. Rev.	All Funds	Gov. Rec.
Hospital Rate Freeze	\$ (1,235,300)	\$ (2,613,839)	Accepted*
Hepatitis C Coverage	[(3,394,892)]	[(7,201,722)]	Recommended
Managed Care Plans Performance Goal Elimination	[(137,842)]	[(1,487,263)]	Recommended
Pharmacy Rebates	(23,371)	(49,452)	Accepted
Total	\$ (1,258,671)	\$ (2,663,291)	

**Savings were changed in the Governor's recommended budget*

Hospital Rate Freeze. The Executive Office proposes savings of \$15.4 million from all sources, including \$5.2 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Executive Office includes savings of \$2.6 million from all sources, including \$1.2 million from general revenues in the managed care program from this action, which requires a statutory change and a category II change under the Medicaid waiver. The November caseload estimate includes \$2.4 million for the rate increases, of which \$1.2 million is from general revenues.

The FY 2014, FY 2015, and FY 2016 budgets froze the outpatient and inpatient rates for hospitals. The Governor's FY 2018 and FY 2019 recommended budgets froze the rates, but the Assembly did not concur and restored the savings. Rates were increased in FY 2011 and FY 2017 and reduced by legislative action in the FY 2012 and FY 2013 budgets.

The November caseload estimate includes a \$2.5 million increase in the managed care program; the Executive Office's request is \$0.2 million above that amount. *The Governor recommends the proposal and includes \$2.4 million in savings, including \$1.1 million from general revenues.*

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior

limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$39.0 million, including \$10.5 million from general revenues for FY 2020. This is \$26.0 million more than enacted, including \$7.0 million from general revenues. For the Rhody Health Partners program, this is \$21.0 million which is \$6.1 million more than enacted. *The Governor's recommendation lowers the cost by \$7.2 million, including \$3.4 million from general revenues, based on an updated internal estimate.*

Managed Care Plans Performance Goal Payment. The FY 2019 enacted budget assumes savings of \$9.7 million, including \$3.3 million from general revenues, from the Executive Office setting benchmarks, to be met by the managed care plans that might include: reduction in c-section births, emergency room utilization, and reducing expenditures for individuals with co-occurring disorders. It is anticipated that meeting the benchmarks will result in lower utilization and reduced expenses. The savings assumed a one percent penalty from the plans not meeting the benchmarks.

The Executive Office testified at the November caseload conference that the savings from this proposal, as well as the proposal to reduce the medical component portion of the rates, would not be achieved and instead the savings would be achieved through the amending the contract with the managed care plan so that the plans will now be responsible for a greater share of the risk. In case of a loss, the health plans will retain greater responsibility for their relative performance; however, in the instances of improved performance by the health plans, this will allow the plans to retain a greater share of the profit.

The November caseload conference includes \$5.1 million, including \$0.9 million from general revenues, from the performance goal program that allows the managed care plans to receive additional resources from meeting specific achievements.

The Governor recommends eliminating the payment and includes savings of \$1.5 million, of which \$0.1 million, is in Rhody Health Partners. It should be noted that the general revenues savings are correct but the total savings should be \$0.3 million. A similar error was made in the expansion program where that recommendation from all sources is too low. The savings for the initiative is correct, but the distribution between programs is not.

Pharmacy Rebates. The Executive Office proposes savings of \$1.8 million from all sources, including \$0.8 million from general revenues, from updating the Medicaid policy for drug rebate collections to reflect a federal change that requires states to invoice for costs based on the date of service rather than the date of payment. The Executive Office reports that it allows for the potential to increase unclaimed rebate funds. These savings affect direct payments to the managed care plans.

The Executive Office includes savings of \$49,452, including \$23,371 from general revenues in Rhody Health Partners. It appears that the Executive Office's request has inadvertently taken the savings that should be attributed to Rhody Health Partners in the Rhody Health Options program and vice versa. The savings should be \$0.5 million, including \$0.2 million from general revenues in Rhody Health Partners. *The Governor recommends this proposal.*

Medicaid Expansion

The November caseload estimate increases spending by \$29.0 million for total funding of \$498.2 million to provide Medicaid coverage to adults between ages 19 and 64, without dependent children, with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 76,000 enrollees.

The estimate also includes \$42.5 million from general revenues for the 8.5 percent state match, \$11.9 million more than included in the enacted budget.

The Executive Office’s constrained budget includes savings of \$5.0 million from all sources, including \$0.4 million from general revenues from two proposals.

The Governor recommends \$483.7 million, including \$41.1 million from general revenues; this is \$14.5 million less than the conference estimate, including \$1.3 million from general revenues. The following table shows the related saving initiatives. Items bracketed are included in the Governor’s recommendation but were not requested by the Executive Office.

Medicaid Expansion - Constrained Budget Savings Proposals			
Proposal	Gen. Rev.	All Funds	Gov. Rec.
Hospital Rate Freeze	\$ (402,366)	\$ (4,733,721)	Accepted*
Hepatitis C Coverage	[(683,709)]	[(8,043,641)]	Recommended
Managed Care Plans Performance Goal Elimination	[(125,356)]	[(279,924)]	Recommended
Federally Qualified Health Centers	[(112,625)]	[(1,325,000)]	Recommended
Pharmacy Rebates	(21,066)	(247,831)	Accepted
Total	\$ (423,432)	\$ (4,981,552)	

**Savings changed in the Governor's recommended budget.*

Hospital Rate Freeze. The Executive Office proposes savings of \$15.4 million from all sources, including \$5.2 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Office includes savings of \$4.7 million from all sources, including \$0.4 million from general revenues in the managed care program from this action, which requires a statutory change and a category II change under the Medicaid waiver. The November caseload estimate includes \$3.1 million for the rate increases, including \$0.3 million from general revenues.

The FY 2014, FY 2015, and FY 2016 budgets froze the outpatient and inpatient rates for hospitals. The Governor’s FY 2018 and FY 2019 recommended budgets froze the rates, but the Assembly did not concur and restored the savings. Rates were increased in FY 2011 and FY 2017, and reduced by legislative action in the FY 2012 and FY 2013 budgets.

The November caseload estimate includes a \$3.1 million increase in the expansion program; the Executive Office’s request is \$1.6 million above that amount.

The Governor recommends the proposal and includes \$4.6 million in savings, including \$0.4 million from general revenues. This is \$1.5 million more than what was included in the November caseload estimate and it appears to increase the portion of the managed care capitated payments that is applied to hospital expenses. This recalculation allows the Governor to take additional savings from freezing the hospital rates.

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program’s Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$39.0 million, including \$10.5 million from general revenues for FY 2020. This is \$26.0 million more than enacted, including \$7.0 million from general revenues. For the Medicaid expansion program, which has the bulk of these costs, this is \$34.7 million which is \$19.4 million more than enacted. *The Governor's recommendation lowers the cost by \$8.0 million, including \$0.7 million from general revenues, based on an updated internal estimate.*

Managed Care Plans Performance Goal Payment. The FY 2019 enacted budget assumes savings \$9.7 million, including \$3.3 million from general revenues, from the Executive Office setting benchmarks, to be met by the managed care plans that might include: reduction in c-section births, emergency room utilization, and reducing expenditures for individuals with co-occurring disorders. It is anticipated that meeting the benchmarks will result in lower utilization and reduced expenses. The savings assumed a one percent penalty from the plans not meeting the benchmarks.

The Executive Office testified at the November caseload conference that the savings from this proposal, as well as the proposal to reduce the medical component portion of the rates, would not be achieved and instead the savings would be achieved through the amending the contract with the managed care plan so that the plans will now be responsible for a greater share of the risk. In case of a loss, the health plans will retain greater responsibility for their relative performance; however, in the instances of improved performance by the health plans, this will allow the plans to retain a greater share of the profit.

The November caseload conference includes \$5.1 million, including \$0.9 million from general revenues, from the performance goal program that allows the managed care plans to receive additional resources from meeting specific achievements.

The Governor recommends eliminating the payment and includes savings of \$0.3 million of which \$0.1 million, is in the expansion program. As noted in the Rhody Health Options program, an error was made that underfunds the all funds savings in the expansion program; the general revenue savings is correct. The savings for the initiative is correct, just the distribution between programs is not.

Federally Qualified Health Centers Wrap Around Payment. The November caseload conference estimate includes \$69.1 million annually for services provided to Medicaid beneficiaries through the health centers with \$29.5 million as part of the managed care rates and the remaining \$39.6 million as fee-for-service "wrap around" payments. State reimbursements made to the health plans are subject to a final year settlement process where any expenses incurred above the state reimbursement compared to the cost of the visit to the health plans is paid by the state.

The Governor recommends \$5.3 million, including \$1.9 million from general revenues from moving all expenses paid to the federally qualified community health centers into the managed care plans. She includes savings of \$1.3 million, including \$0.1 million from general revenues in the expansion program. The savings would be achieved through lower utilization of health centers for covered services than originally assumed in the caseload estimate. The state is still required to monitor payments made by managed care plans to the health plans as required by federal law.

Pharmacy Rebates. The Executive Office proposes savings of \$1.8 million from all sources, including \$0.8 million from general revenues, from updating the Medicaid policy for drug rebate collections to reflect a federal change that requires states to invoice for costs based on the date of service rather than the date of

payment. The Executive Office reports that it allows for the potential to increase unclaimed rebate funds. These savings affect direct payments to the managed care plans. The Executive Office includes savings of \$0.2 million, including \$21,066 from general revenues in the expansion program. *The Governor recommends this proposal.*

Rhody Health Options

The state has a managed care contract with Neighborhood Health Plan of Rhode Island to managed acute care and long-term care services for individuals eligible for both Medicare and Medicaid. The caseload conference estimate includes \$140.0 million from all sources, including \$66.0 million from general revenues for the Rhody Health Options program.

The estimate is \$52.6 million less than enacted, including \$26.5 million less from general revenues for the Rhody Health Options managed care program. This includes the October 1, 2018 expiration of the Integrity program. The Department has accelerated the ending of that program by three months; the Governor recommended and the Assembly concurred with a January 1, 2019 program elimination.

It should be noted that Executive Office includes \$2.0 million from all sources, including \$1.1 million from general revenues in the medical assistance program, to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. Phase I was eliminated on October 1, 2018 and shifted approximately 11,000 individuals to fee-for-service Medicaid. The contract, which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are to be provided to 200 individuals from October 1 to December 31, 350 individuals through March 31, and 500 individuals beginning April 1, 2019. The Executive Office's revised request shows funding for this contract in the central management program; it is included in the November caseload estimate. Also included in the caseload estimate is \$0.8 million, including \$0.4 million from general revenues, for Automated Health Systems to handle consumer inquiries through the call center.

As previously discussed in the long-term care program section, spending on the elderly, including those eligible for Medicare and Medicaid is estimated to be \$594.3 million in the fee-for-service and Rhody Health Options programs.

The Executive Office's constrained budget includes savings of \$1.7 million, including \$0.8 million from general revenues from five proposals, each discussed separately.

The Governor recommends \$134.6 million, including \$63.5 million from general revenues; this is \$5.4 million less than the conference estimate, including \$2.6 million from general revenues. She also shifts \$3.3 million from all sources, including \$1.7 million from general revenues, for the two contracts that are part of the Rhody Health Options redesign.

The following table shows the related savings initiatives. Items bracketed are included in the Governor's recommendation but were not requested by the Executive Office.

Rhody Health Options - Constrained Budget Savings Proposals			
Proposals	Gen. Rev.	All Funds	Gov. Rec.
Hospital Rate Freeze	\$ (116,876)	\$ (247,304)	Accepted*
Nursing Facilities Rate Freeze	(454,999)	(962,757)	Accepted*
Hepatitis C Coverage	[(70,9280)]	[(150,462)]	Recommended
Rhody Health Redesign Contracts to Central Management	[(1,660,676)]	[(3,321,352)]	Recommended
Pharmacy Rebates	(249,836)	(528,642)	Accepted
Total	\$ (821,711)	\$ (1,738,703)	

*Savings changed in the Governor's recommended budget.

Hospital Rate Freeze. The Executive Office proposes savings of \$15.4 million from all sources, including \$5.2 million from general revenues, from eliminating the projected inpatient and outpatient hospital rate increases. These savings affect direct payments to hospitals by the state and payments made through the managed care plans.

The Office includes savings of \$0.2 million from all sources, including \$0.1 million from general revenues in the managed care program from this action, which requires a statutory change and a category II change under the Medicaid waiver. The November caseload estimate includes \$118,059 for the rate increases, including \$56,517 from general revenues.

The FY 2014, FY 2015, and FY 2016 budgets froze the outpatient and inpatient rates for hospitals. The Governor's FY 2018 and FY 2019 recommended budgets froze the rates, but the Assembly did not concur and restored the savings. Rates were increased in FY 2011 and FY 2017, and reduced by legislative action in the FY 2012 and FY 2013 budgets.

The November caseload estimate includes a \$0.1 million increase in the managed care program; the Executive Office's request is \$0.1 million above that amount. *The Governor recommends savings of \$0.3 million, including \$0.1 million from general revenues for the rate freeze.*

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018 but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$39.0 million, including \$10.5 million from general revenues for FY 2020. This is \$26.0 million more than enacted, including \$7.0 million from general revenues. For the Rhody Health Options program, this is \$0.5 million which is \$0.2 million more than enacted. *The Governor's recommendation lowers the cost by \$0.2 million, including \$0.1 million from general revenues, based on an updated internal estimate.*

Nursing Facilities Rate Freeze. The Executive Office's budget includes savings of \$8.8 million, of which \$4.1 million is from general revenues, from eliminating the October 1, 2019 rate increase for the nursing facilities. This includes savings of \$1.0 million from all sources, including \$0.5 million from general revenues in the managed care program. The rate freeze would result in lower revenues for nursing homes,

which would lower taxes paid by \$19,255 through the 2.0 percent assessment on a facility's gross revenues for net savings of \$0.4 million. It should be noted that the rate freeze is also applied to expenses in the fee-for-service program.

The November estimating conference includes a fee-for-service rate increase of \$9.5 million, including \$4.5 million from general revenues. *The Governor includes savings of \$1.1 million, including \$0.5 million from general revenues from limiting the rate increase to one percent.*

Pharmacy Rebates. The Executive Office proposes savings of \$1.8 million from all sources, including \$0.8 million from general revenues, from updating the Medicaid policy for drug rebate collections to reflect a federal change that requires states to invoice for costs based on the date of service rather than the date of payment. The Executive Office reports that it allows for the potential to increase unclaimed rebate funds. These savings affect direct payments to the managed care plans. The Executive Office includes savings of \$0.5 million, including \$0.2 million from general revenues in the Rhody Health Options program. As noted in the Rhody Health Partners section, the Executive Office has taken the savings from that program and assigned it to the Rhody Health Options program. The savings in the Options program should be \$49,452 from all sources, including \$23,371 from general revenues. *The Governor recommends this proposal.*

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$74.2 million; this is \$8.7 million more than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients. *The Governor recommends funding consistent with the caseload estimate.*

Fee-for-Service. The Caseload Estimating Conference estimate includes FY 2020 pharmacy expenditure savings of \$0.5 million reflecting rebates that are higher than actual pharmacy expenses. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. *The Governor recommends funding consistent with the caseload estimate.*

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$74.7 million, \$8.7 million more than enacted. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible but do pay a \$1 co-payment for generic drugs or a \$3 co-payment for brand names. *The Governor recommends funding consistent with the caseload estimate.*

Other Medical Services

The Caseload Estimating Conference estimate includes costs for other medical services, which include Part B Medicare premium payments for those eligible for Medicare and Medicaid and additional payments to dentists, physicians and other practitioners.

For FY 2020, the estimate for other medical services is \$140.1 million, which includes \$55.2 million from general revenues, \$75.8 million from federal funds and \$9.0 million from restricted receipts. The estimate is \$17.5 million more than the enacted budget, including \$7.5 million more from general revenues.

Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage. This totals \$75.6 million from all sources, or \$8.8 million more than enacted; this payment is 54 percent of other medical services expenses. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, durable medical equipment and transportation services. Those payments increase by \$8.7 million to reflect projected spending. This includes \$4.1 million for transportation expenses and reflects a full year of the new contract for non-emergency transportation services that yielded less savings than anticipated in the enacted budget.

The \$9.0 million from restricted receipts provides direct general revenue savings for the children’s health account; this is consistent with the enacted budget. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Executive Office of Health and Human Services for those services, not to exceed \$12,500 per service per child per year. Expenses are paid from this account that would otherwise require general revenues. The payments from insurance providers are assessments deposited in the children’s health restricted receipt account. Assessments cover program expenses in three categories: comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services. Each category has a number of specific services within it.

The Executive Office’s constrained budget includes savings of \$1.5 million, including \$1.2 million from general revenues from two proposals, each discussed separately.

The Governor recommends \$138.6 million from all sources, including \$54.0 million from general revenues. This is \$1.5 million less than the caseload conference estimate, including \$1.2 million less from general revenues. The following table shows the related savings initiatives.

Other Medical Services - Constrained Budget Savings Proposals			
Proposal	Gen. Rev.	All Funds	Gov. Rec.
Cortical Integrated Therapy Services	\$ (1,000,000)	\$ (1,000,000)	Accepted
Estate Recovery	(236,300)	(500,000)	Accepted
Total	\$ (1,236,300)	\$ (1,500,000)	

Cortical Integrated Therapy Services. The Executive Office proposes savings of \$1.0 million from general revenues from coverage for Cortical Integrated Therapy services which is not matched by Medicaid. *The Governor recommends the proposal.*

Estate Recovery. The Executive Office’s budget includes savings of \$0.5 million, of which \$0.2 million is from general revenues from a proposal impacting eligibility for long term care services. The Executive Office has not provided any backup to the specific proposals. *The Governor’s recommendation assumes the savings. There is no specific proposal. Supporting documents note that this initiative would involve a renewed focus on pursuing potential recoveries through improved case tracking; however, there are no further details on what would be required to make the improvements.*

Central Management

Adult Use Marijuana. On January 13, 2019, the Governor announced the intention to establish a legal adult use marijuana program, citing the operations in neighboring states. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine has previously adopted an adult use program anticipated to launch during spring 2019. Vermont permits adult use of marijuana, but does not permit retail sales. New York’s Governor has proposed an adult use program in the budget to begin next year. Bills have also been introduced in Connecticut and New Hampshire legislatures.

The Governor's budget includes Article 20 of 2019-H 5151 to establish the authorization and regulation of an age 21 and older adult-use marijuana program. The regulation of all programs is centralized within the 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 Governor's budget assumes \$6.5 million of new revenues, including \$4.9 million 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. The Governor includes \$1.0 million in the Executive Office of Health and Human Services. She includes \$750,000 in grants to support local substance abuse disorder prevention, treatment and recovery services and \$250,000 for consultants for grants management and to work with other state agencies and operating expenses.

It should be noted that the Governor adds a new substance use disorder program administrator in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals but does not include any funding. Supporting documentation does not specifically identify if the \$1.0 million in the Executive Office's budget is to be used to support the new position in the Department.

Unified Health Infrastructure Project. The Executive Office requests Unified Health Infrastructure Project costs of \$117.8 million from all sources, including \$9.0 million from general revenues, \$90.2 million from federal funds and \$18.6 million from restricted receipts in the budgets for the Executive Office and Department of Human Services. Both budgets assume that the state will negotiate with the main vendor Deloitte to recoup some payments made in the development of the new eligibility system that is still not fully functional, which are intended to offset current general revenue expenses. As of December 1, 2018, negotiations are still ongoing. The FY 2019 enacted budget assumes the use \$7.0 million from restricted receipts in the Department of Human Services that was part of the Governor's recommended budget submitted in January 2018. The Executive Office entered into negotiations with Deloitte nine months later in October 2018.

The Executive Office requests \$90.0 million from all sources, including \$4.9 million from general revenues in its FY 2020 budget request. This is \$59.5 million more than enacted including \$53.8 million more from federal funds, \$2.4 million more from general revenues and \$7.5 million more from restricted receipts. This includes funding for the contact center through HealthSource RI, discussed separately.

It should be noted the federal government allowed states that embarked on a large technology project to leverage a federal match rate of 90 percent for project design and development costs until December 31, 2018. This enhanced rate is applied to all projects, not just Medicaid. Starting January 1, 2019, the match is lowered to the standard match rate for each program with only Medicaid specific projects still leveraging a 90 percent match. As an example, the match rate for the Supplemental Nutrition Assistance Program is 50 percent. The Executive Office submitted an updated plan in July 2018 that requested to maintain the higher match rate for all programs noting that receiving the lower rates "will have a significant impact on the budget." The FY 2019 revised and FY 2020 requests assume the approval of this state specific plan; as of January 1, 2019, no approval has been received.

The FY 2020 request includes \$84.2 million for contracted services, \$5.3 million for staffing and \$0.4 million for other operating expenses. The request for contracted services is \$60.6 million more than enacted and includes \$59.2 million for system support, which is \$41.5 million more than enacted. This includes \$25.0 million for Deloitte for system development, \$15.5 million for KPMG for implementation support services to provide assistance to agencies managing ongoing RI Bridges system issues, including verification and escalation support, development and implementation of an issue escalation process and quality assurance. The request also includes \$6.4 million for Northrup Grumman for support stabilization efforts of the RI Bridges system through information technology staff support, user assistance testing, provision of testers and enhanced maintenance of the prior eligibility, legacy system. Funding requested

for Faulkner Consulting to provide ongoing system delivery and stabilization for non-complex Medicaid and commercial insurance programs totals \$3.0 million and \$3.6 million for costs to be determined. The Executive Office has not identified why there is the need to continue with the design and developmental phase in FY 2020 if operational by December 2019.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
FY 2016 through FY 2018*	\$ 28,486,426	\$ 161,745,096	\$ -	\$ 4,272,795	\$ 194,504,317
FY 2019 Enacted					
EOHHS	\$ 5,072,074	\$ 23,762,551	\$ -	\$ -	\$ 28,834,625
DHS	1,791,312	6,658,460	6,952,634	-	15,402,406
Total	\$ 6,863,386	\$ 30,421,011	\$ 6,952,634	\$ -	\$ 44,237,031
FY 2019 Governor's Rev. Rec.					
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
Total	\$ 3,696,973	\$ 77,992,696	\$ 13,973,182	\$ 4,663,414	\$ 100,326,265
Gov. Rev. Rec. to Enacted					
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
Total	\$ (1,054,900)	\$ 42,360,734	\$ 5,666,080	\$ 4,663,414	\$ 51,635,328
FY 2020 Governor's Rec.					
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
Total	\$ 2,127,878	\$ 74,554,391	\$ 20,398,107	\$ 1,992,959	\$ 99,073,335
Gov. Rec. to Enacted					
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
Total	\$ (4,735,508)	\$ 44,133,380	\$ 13,445,473	\$ 1,992,959	\$ 54,836,304

*Funding in EOHHS and DHS

The request also includes \$5.3 million for salary and benefit expenses which is \$0.2 million more than enacted. This includes \$0.6 million from general revenues, or \$0.3 million less than enacted, to fund 48 staff working on the project. This also includes \$2.0 million, including \$0.2 million from general revenues for eight staff at the Department of Human Services and \$1.2 million, or \$0.1 million from general revenues to either partially or to fully fund 20 positions. The Executive Office indicates that it cannot report the number of full-time equivalent positions that are funded in its request, only the number of staff.

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 that totals \$451.5 million and \$196.3 million for maintenance and operations. The previous planning document dated August 17, 2017 indicated that the backlogs will be cleared by March 30, 2018 and the system will be fully compliant by September 28, 2018. The documents filed in July 2018 do not contain the same information as to when the system will be fully compliant. The Executive Office has indicated that the system will be in compliance by December 2019.

The Governor recommends total funding of \$99.1 million, including \$2.0 million from general revenues, \$74.6 million from federal funds and \$22.4 million from restricted receipts from recoveries, in the Executive Office, Department of Human Services and HealthSource RI's budgets.

For the Executive Office, the recommendation is \$17.7 million less than requested, including \$2.1 million less from general revenues, excluding contact center costs, shown separately. She does not include the increase in staffing expense and includes \$0.2 million less for salaries and benefits of which \$8,807 is from statewide benefit savings.

The Governor recommends \$16.9 million less for contracted services, including \$2.1 million less from general revenues. She recommends \$4.5 million less for KPMG, \$4.5 million less for Northrup Grumman, \$1.2 million less for Faulkner Consulting, \$1.1 million less for financial services through DXC Technologies, and \$1.7 million less for unidentified expenses. The Governor's budget includes \$25.0 million for Deloitte consistent with the request.

The following table shows the contracted services expenses in the Executive Office's budget request and the Governor's recommendation, including call center operations. It also includes examples of the activities performed by the contractors.

Contractor	Activities	Enacted	Request	Gov. Rec.
Deloitte Consulting	UHIP Design, Development & Implementation	\$ -	\$ 24,984,900	\$ 24,984,900
Automated Health Solutions	Call Center Operations & other system support	10,122,321	12,333,253	10,285,721
Northrup Grumman	Support stabilization efforts, validates escalation efforts and prioritization support	4,080,731	7,080,440	2,569,016
KPMG	Implementation support and assistance to agencies managing ongoing system issues	2,125,063	15,518,274	10,450,923
DXC Technology	Support transactions between UHIP and the Medicaid payment system (MMIS). To include tracking resolutions and identifying issues.	-	2,183,250	1,091,626
IBM	IT staff support, project management, and business analysis support	2,261,493	1,919,727	1,919,727
KB Makers	Consult and negotiate services related to vendor contracts and deliverables		91,416	807
Faulkner Consulting	Establish workarounds. Identifying gaps & determine solutions.	2,096,142	3,054,295	2,645,901
Freedman Healthcare	Build compliance reports & assist operations team with validating fixes.	2,296,770	1,776,021	535,091
MWC Consulting	Assist with IT issues related to UHIP stabilization	-	402,573	66,550
CSG Government Solutions	Independent verification & validation review	-	1,688,709	1,511,666
Redwing	Project manager support	205,920	185,328	-
Maintenance & Operating Vendor (TBD)		-	8,658,000	8,658,000
Other	Legal and interpreters	417,300	316,350	316,350
To Be Determined		-	4,048,990	2,286,426
Total		\$ 23,605,740	\$ 84,241,526	\$ 67,322,704
<i>General Revenue Share of the Total</i>		<i>\$ 4,114,335</i>	<i>\$ 4,328,296</i>	<i>\$ 2,243,360</i>
<i>Deloitte Recoveries Share of the Total</i>		<i>\$ -</i>	<i>\$ 7,490,531</i>	<i>\$ 7,490,531</i>

HealthSource RI/Contact Center. The Executive Office requests \$13.2 million from all sources, including \$0.3 million from general revenues to support open enrollment and other activities through HealthSource RI for the contact center operated by Automated Health Systems. The current contract, which ends August 31, 2019, totals \$12.4 million to include \$1.5 million from HealthSource RI in the Department of Administration's budget. Funding requested between both agencies appears to overfund the contact center by \$2.3 million.

The Executive Office's FY 2020 request is \$2.1 million more than enacted and shifts \$2.7 million of general revenue expenses to restricted receipts. The Executive Office anticipates the restricted receipts will be available to offset state expenses once it completes its negotiations with Deloitte which began in the spring 2018. If the negotiations are not successful and the state receives less than the \$2.7 million it projects in new resources to support the contact center program, those expenses will need to be paid from general revenues.

The FY 2020 request also adds \$0.8 million from federal Medicaid funds for operational activities for HealthSource RI in the Department of Administration's budget, which were previously supported by federal grants. This is matched by current general revenues and restricted receipts. *The Governor recommends funding as requested.*

HealthFacts RI/All Payer Claims Database. The Executive Office requests \$2.3 million to support the state's All Payer Claims Database, known as HealthFacts RI. The request is \$1.1 million more than enacted, including \$0.4 million from general revenues. This is \$0.6 million more than the revised request to support the website that allows data collected from health insurance payment systems to be used to analyze healthcare use, quality, and spending, and identify opportunities for improvement. The website is operated by the Department of Health which requests \$450,000 from restricted receipts in its revised request.

The request includes \$1.9 million for services provided by OnPoint Health for data enhancements and analytic functions and Freedman Healthcare for analytics and reporting activities. This is in addition to the \$0.4 million requested for staffing and other operating costs. The Executive Office has four staff assigned to the project. The Department of Health's budget also supports the OnPoint Health contract. *The Governor recommends \$0.2 million less than requested to fund three positions leaving one unfunded, and adjusts expenses for statewide benefit savings; this includes \$16,433 less from general revenues. It appears there are statewide savings from non-general revenue sources not taken.*

CurrentCare. The Executive Office's FY 2020 request includes \$1.0 million more from federal Medicaid funds to make the \$4.2 million payment for the state's share for medical assistance recipients in CurrentCare, the state's electronic health information exchange. The request was based on enrollment totaling approximately 372,000 at a \$1 per member/per month enrollment fee for a full year.

The electronic network gives medical professionals access to their patients' health information and is operated by the Rhode Island Quality Institute. The state match is ten percent, and the Executive Office includes the enacted level of \$0.3 million from general revenues and is assuming that \$0.1 million from the Department of Health's restricted receipts will serve as the remainder of the match. This is contingent on those funds being available; otherwise this will be a general revenues expense that is not budgeted.

The Governor adds \$1.2 million more than requested, including \$0.1 million more from general revenues for funding totaling \$5.4 million to support the annual ongoing operations and expansion of the health information exchange. Information contained in the Governor's Executive Summary notes that "without this critical upgrade to the HIE infrastructure - delayed for several years for lack of funding - the State of Rhode Island will not be able to complete several contracted projects across the state without expensive workarounds and the State will fall short of federal requirements." The Governor recommends this item be funded with a one-time expense of \$0.1 million in state funds and \$1.1 million in federal funds. It is unclear why the Executive Office's FY 2020 request excludes the funding.

Health Care System Transformation Project. The Executive Office requests \$35.5 million from federal funds for implementation of the Health System Transformation program, which is \$2.7 million more than enacted, including \$1.6 million more for contracted services and \$1.0 million to support seven positions. The request also includes \$23.5 million in the medical assistance programs for the Accountable Entities initiative.

The program, initially referred to as the hospital and nursing home incentive programs, started with legislation presented to the 2015 Assembly by the Governor as part of her Reinventing Medicaid initiative. The Executive Office spent \$7.0 million in FY 2017 for incentive payments to the nursing facilities and \$14.6 million for payments to hospitals for FY 2018.

The request also includes \$12.0 million in administrative and management costs, \$2.7 million more than enacted. The Executive Office has identified administrative and management expenses totaling \$5.8 million but has not identified how it will spend the remainder of the funding request. Identified costs include: \$3.2 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, and \$1.4 million for contracted evaluation and other oversight services through HCH Enterprise and DXC. The request also includes \$0.3 million to the Department of Health and Commission on the Deaf and Hard of Hearing; however, the Executive Office has not entered into any agreements with the two agencies to receive the funds. The request also includes \$0.9 million for staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Governor recommends funding as requested. She also includes Article 2 of Section 7 of 2019-H 5151 to establish a restricted receipt in the general fund and the budget of the Executive Office of Health and Human Services so that the healthcare workforce development activities at state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Designated State Health Program.

Health Information Technology Enhancements/Opioid Reporting. The Executive Office requests \$1.2 million from federal funds awarded to the Rhode Island Quality Institute for the technical design, development, and implementation of four activities that will leverage the existing health information enhancements to focus on several interventions that can assist with helping individuals with opioid and other substance use disorders. The request excludes \$0.1 million from restricted receipts awarded through the Rhode Island Foundation that were available for use in FY 2019.

This includes advanced alerts or notifications using Health Information Exchange data to identify patients who come into the emergency room and are at risk of certain conditions, like substance use disorders. A medical services integration project would support the Department of Health's Emergency Medical Systems data system to notify primary care and other providers that the patient called emergency medical services and what the outcome was. Another focus will be integrating the prescription drug monitoring program data into hospital systems emergency health records so that providers can get this data directly from within their records system. Finally, there will be a focus on developing and implementing a documented methodology for how an overdose is identified in the exchange, and then alerting certain providers about an event. *The Governor recommends funding as requested.*

HIV Treatment Services and Administration. The Executive Office requests \$15.5 million for HIV services and administration expenses, which is \$1.2 million more than enacted. The FY 2020 request increases the use of funding from drug rebates by \$0.9 million to \$10.0 million and through the Ryan White federal grant by \$0.3 million to \$5.5 million. The FY 2019 revised request assumes collections of \$9.6 million in receipts from drug rebates and uses a projected balance of \$2.9 million to support services leaving a \$0.1 million balance for FY 2020. The collections assumed for FY 2020 are \$10.0 million. It should be noted that annual collections totaled \$8.4 million for FY 2015, \$6.6 million for FY 2016, \$7.3 million for FY 2017 and \$5.6 million for FY 2018. The Executive Office has been asked but has not reported on how it determined the estimated increase in collections for FY 2019 and FY 2020 compared to FY 2018.

The following table shows the Executive Office's request. The table also shows an alternate projection if FY 2019 and FY 2020 rebate collections are consistent with FY 2018; this results in a deficit of \$3.9 million for FY 2019 that grows in FY 2020.

HIV Drug Rebate Program						
EOHHS	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Balance Forward	\$ -	\$ 4,556,041	\$ 5,309,613	\$ 8,626,145	\$ 2,893,894	\$ 113,959
Receipts	8,389,399	6,641,427	7,286,993	5,552,079	9,615,933	10,000,000
Expenses	3,833,358	5,887,855	3,970,461	11,284,330	12,395,868	10,006,239
Total	\$ 4,556,041	\$ 5,309,613	\$ 8,626,145	\$ 2,893,894	\$ 113,959	\$ 107,720
Alternate Projections*						
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Balance Forward	\$ -	\$ 4,556,041	\$ 5,309,613	\$ 8,626,145	\$ 2,893,894	\$ (3,949,895)
Receipts	8,389,399	6,641,427	7,286,993	5,552,079	5,552,079	5,552,079
Expenses	3,833,358	5,887,855	3,970,461	11,284,330	12,395,868	10,006,239
Total	\$ 4,556,041	\$ 5,309,613	\$ 8,626,145	\$ 2,893,894	\$ (3,949,895)	\$ (8,404,055)

*Assumes same receipts collected for FY 2019 and FY 2020 as FY 2018

Based on available resources from drug rebates, the Executive Office has expanded services available to individuals with HIV starting in FY 2018. This includes a new initiative, Co-Exist, an agreement between the Executive Office, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Rhode Island College, University of Rhode Island, and community providers to expand services to individuals who are HIV positive and in need of other services, such as residential and outpatient treatment for those with substance abuse issues, and training and evaluation services that total \$19.5 million over three years. It was noted for the FY 2018 and FY 2019 budgets, if the collections are less than projected, there may be an impact on the availability of funding for this program, including the new initiative which would leave the contracts underfunded; however, the contracts are subject to available funding.

The Executive Office's request includes \$0.8 million more for staffing and funds positions in the Departments of Health, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Administration. It also shifts \$0.6 million in general revenue staffing expenses for Executive Office staff to rebate resources.

The Governor recommends \$1.8 million less than requested and shifts \$1.0 million in pharmaceutical expenses services from restricted receipts to the federal Ryan White grant. This action was also taken in the FY 2019 revised recommendation.

The Executive Office reports that it has reviewed its ability to collect \$10.0 million from rebates and the Governor's budget reduces requested funding based on anticipated resources. It should be noted that the Executive Office has notified the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals that it will not be receiving the funding to support the two employees or the support for residential services.

HIV Drug Rebate Program						
Governor's Recommendation	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Balance Forward	\$ -	\$ 4,556,041	\$ 5,309,613	\$ 8,626,145	\$ 2,893,894	\$ (20,740)
Receipts	8,389,399	6,641,427	7,286,993	5,552,079	5,552,079	5,552,079
Expenses	3,833,358	5,887,855	3,970,461	11,284,330	8,466,713	5,792,490
Total	\$ 4,556,041	\$ 5,309,613	\$ 8,626,145	\$ 2,893,894	\$ (20,740)	\$ (261,151)

The Governor also reduces funding by \$0.4 million to Rhode Island College supporting the Co-Exist project. This is also \$0.9 million less than requested for other activities, including intensive case management services and programs operated by community agencies. In order to accomplish this, the Executive Office has amended its contracts to lower the grant awards with those agencies that include: AIDS Care Ocean State, Community Care Alliance, the Rhode Island Public Health Institute, and Family Services of Rhode Island.

State Innovation Models Initiative Grant. The Executive Office excludes \$4.6 million that was included in the enacted budget for the State Innovation Models Initiative grant that ended September 30, 2018. *The Governor excludes funding as requested.*

Electronic Clinical Quality Measurement System. The Executive Office entered into a contract with IMAT solutions to build a statewide electronic clinical quality measurement system. The initiative started with funding from the State Innovation Models Initiative Grant which expired. The Executive Office requests \$0.2 million from federal funds to support the system for FY 2020 but does not include any general revenues.

The Governor includes \$1.0 million to support the system, including \$0.1 million from general revenues. Information contained in the Governor's Executive Summary notes that with the use of federal State Innovations Model Initiative Grant, the Executive Office has been building a statewide electronic clinical quality measurement system, and that "without further funding, two years of infrastructure development, technical connections, and measure alignment will be wasted, an existing contract would need to be terminated, and a complete and functional system will be shelved." It is unclear why the Executive Office excludes this funding as part of its FY 2020 request.

Electronic Health Records Incentive. In July 2011, the Department began the Electronic Health Records Incentive program where eligible medical providers and acute care hospitals with at least 30 percent and 10 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. The Executive Office includes \$2.6 million from federal funds to support the electronic health records initiative in FY 2019 and FY 2020. This is \$1.1 million less than enacted based on updated project costs in both years. *The Governor recommends funding as requested.*

Long Term Care Services - Asset Verification. The FY 2019 enacted budget includes \$1.5 million from all sources, including \$0.2 million from general revenues to implement an asset verification system for long term care services applicants. The FY 2019 revised budget includes the funding but does not include funding for FY 2020.

The 2018 Assembly included legislation to direct the Executive Office of Health and Human Services to implement an automated asset verification system no later than August 1, 2018, that uses electronic data sources to verify ownership, the value of countable assets held in financial institutions, and any real property subject to resource or asset tests. Funding was awarded to the New England States Consortium System Organization to implement the project for a system to be operational by November 1, 2018. *The Governor recommends \$0.2 million more than requested, including \$0.1 million more from general revenues to reflect the updated cost of the contract for FY 2020.*

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

The enacted budget did not include funding for the center as the Executive Office of Health and Human Services explored funding mechanisms, including the use of federal Money Follows the Person reinvestment funds.

The Governor recommends \$0.2 million for both FY 2019 and FY 2020 from the federal reinvestment funds for an Aging and Disability Resource Center website.

Rhody Health Options Redesign. The Executive Office requests \$2.0 million from all sources, including \$1.3 million from general revenues to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. Phase I was eliminated on October 1, 2018 and shifted approximately 11,000 individuals to fee-for-service Medicaid. The contract, which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are to be provided to 200 individuals from October 1 to December 31, which increases to 350 individuals through March 31, and then 500 individuals beginning April 1, 2019, remaining at that total for the length of the contract. *The Governor shifts \$3.3 million from all sources, including \$1.7 million from general revenues from the medical assistance program to central management for the new contracts.*

Quality Self-Directed Services Model. The Assembly passed 2018-H 7803, Substitute A, as amended, for Quality Self-Directed Services to allow for independent home care providers to enter into an agreement with a bargaining unit to negotiate reimbursements with the Department of Administration. The Executive Office will establish a public registry and offer training opportunities to the home care providers and an advisory board will be established. The Executive Office cannot implement the program prior to October 1, 2019, or FY 2020, and a negotiated agreement must be in place with an appropriation and rate approval by the Assembly. The Executive Office did not request any funding to support this initiative for FY 2020. *The Governor includes \$770,000 from all sources, including \$192,500 from general revenues and assumes a 75 percent Medicaid match rate with services provided by DXC Technologies.*

Medicaid Waiver - Independent Evaluation. The state received federal approval to extend the 1115 Demonstration Waiver until December 31, 2023. Upon approval of the waiver, the state must enter into an arrangement with an independent party to conduct an evaluation to ensure that the necessary data is collected at a level of detail required to evaluate the progress the state is making toward meeting the goals of the waiver, such as rebalancing long term care. The Executive Office did not request funding for FY 2020 for this activity. *The Governor includes \$700,000 from all sources, including \$350,000 from general revenues for the evaluation.*

Behavioral Health Benchmark Study. The Office of the Health Insurance Commissioner completed a study to determine the appropriate level of commercial insurer investment in primary medical care and directed insurers to strengthen primary care through strategic investments. The area of behavioral health was not included in this report.

It should be noted that the Governor's FY 2019 recommendation added \$150,000 from general revenues in the Executive Office of Health and Human Services' budget for a study of commercial health insurance carriers' offerings of primary preventative mental health care in comparison to primary preventative medical care. It was unclear why a study of commercial health insurance is under the purview of the Executive Office. The Assembly did not concur with the recommendation.

For FY 2020, the Governor adds \$187,500, including \$150,000 from general revenues, in the Executive Office's budget for a benchmark study to determine the appropriate level of investment to be made by Medicaid and commercial insurers for behavioral health services. It is still unclear why a study of commercial health insurance is under the purview of the Executive Office.

Centers for Health Care Strategies – Medicaid Academies. Rhode Island, with support from the New England States Consortium Systems Organization (NESCO), is one of five states to establish a Medicaid Academy. This was done in 2018 as part of the NESCSO's State Health and Human Services Training and

Leadership Development Initiative, which provided comprehensive on-site leadership training for selected staff across the Executive Office of Health and Human Services agencies at no cost to the state. The Medicaid Academies were started part of Medicaid Leadership Institute established by the Centers for Health Care Strategies in 2009, with support from the Robert Wood Johnson Foundation. It has provided health policy and leadership development training for the nation's Medicaid directors with the first one in California in 2013. The other states involved are: New Hampshire, Vermont and New Jersey.

The Executive Office reports that during FY 2020, there will be eight all day training sessions similar to what occurred in 2018. The Executive Office anticipates that it will enter into a contract with the organization but did not include any funding in its request for this activity. *The Governor provides \$70,000, of which \$35,000 is from general revenues, for the training sessions.*

Medicaid Management Information System Expenses. The Executive Office requests \$20.5 million from all sources, including \$3.8 million from general revenues, for Medicaid Management Information System expenses. This is consistent with the enacted level but \$2.0 million less than the revised request. The Executive Office increased revised spending to be consistent with FY 2018 actual spending and reports that enacted budget underfunded the claims processing and administrative expenses. *The Governor recommends \$1.8 million more than requested, including \$1.2 million more from general revenues to bring funding closer to the revised request and prior year spending.*

Financial and Management Services. The Executive Office requests \$3.8 million from all sources, including \$1.9 million from general revenues, for contracted financial and management services. This is \$66,613 more than enacted, including \$17,517 more from general revenues. The state entered into a contract with Conduent that ends December 31, 2018. It is in the process of awarding three new contracts to replace this one during FY 2019.

The Governor recommends \$2.5 million more than requested, including \$1.1 million more from general revenues, to fund three contracts: HCH Enterprises for health services staff support, Milliman for actuarial services and financial analysis and one that has yet to be awarded for external quality review organization services. It should be noted that HCH also supports early intervention activities, discussed separately.

Health Information Technology Projects. The Executive Office requests includes \$2.3 million from all sources, including \$0.1 million from general revenues to support non Unified Health Information Project information technology projects. *The Governor adds \$1.2 million from federal funds and \$0.1 million from general revenues for system upgrades. She also reduces general revenues by \$473 for statewide savings.*

Predictive Modeling. The FY 2019 enacted budget includes \$0.8 million from all sources, of which \$0.2 million is from general revenues for a predictive modeling initiative to make enhancements to the Medicaid management information system to incorporate the use of real-time predictive modeling of Medicaid claims allowing the Executive Office to disqualify claims before being paid and disqualifying Medicaid providers. The FY 2020 request is \$0.4 million from all sources, including \$0.1 million from general revenues, which is \$0.4 million less than enacted including \$0.1 million less from general revenues. The Executive Office reports that it has entered into a contract with LexisNexis at a lower cost. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Monitor. The Executive Office requests \$450,000, including \$225,000 from general revenues, to pay for a court monitor as part of the state settlement with the Department of Justice that addresses community based and employment services for adults with developmental disabilities in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The FY 2019 enacted budget transferred the costs of the court monitor from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This is \$150,000 more than enacted,

including \$75,000 from general revenues, to reflect costs for the contract with Charles Moseley that ends June 30, 2019.

The Department had requested \$450,000 for consent decree costs. Since the consent decree stipulates the state payment to the monitor is not to exceed \$300,000, and the Department reported that there are no specific activities tied to the additional \$150,000 requested, the Assembly reduced the funding to \$300,000 in the FY 2019 enacted budget. In May 2018, repeated requests of the Executive Office for verification of the expenses paid with the previously unidentified \$150,000 were not answered.

On June 27, 2018, the Executive Office entered into a contract with Charles Moseley for \$450,000 for consent decree monitoring activities as well as separate review of compliance with the interim settlement agreement, which accounts for the additional \$150,000 previously requested. The FY 2019 revised and FY 2020 requests increase funding to \$450,000 to meet those contract obligations.

It should also be noted that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' FY 2019 revised and FY 2020 requests include \$100,000 for a consent decree coordinator. *The Governor recommends funding as requested.*

Centralized Services. The Executive Office requests \$2.2 million from all sources, including \$1.0 million from general revenues for centralized services. This is \$0.6 million more than enacted, including \$0.1 million more from general revenues and \$0.4 million more from federal funds. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses.

The Governor recommends \$0.1 million less than requested, primarily from general revenues based on billings through November and December. This includes \$7,634 more for facilities management offset by \$0.1 million less for information technology services.

Legal Staff. The FY 2019 enacted staffing authorizations includes 36.0 legal staff, 5.0 legal assistants and 1.0 paralegal as part of the centralized legal services in the Executive Office's budget. The legal staff is then assigned to the agencies under the Executive Office's umbrella. The Departments of Human Services, Behavioral Healthcare, Development Disabilities and Hospitals, Health or Children, Youth and Families staffing authorizations do not include attorneys or legal support staff.

The Executive Office's revised and FY 2020 requests include funding for two vacant, unidentified positions at the Department of Children, Youth and Families that total \$0.3 million, including \$0.2 million from general revenues.

The Governor adds four new legal positions for the Executive Office. Two support the Department of Children, Youth and Families which are funded in request through an interagency agreement and were identified as vacant in the supporting documentation. The FY 2019 revised and FY 2020 requested budgets submitted by the Department of Children, Youth and Families include two new senior legal positions despite those services being centralized in the Executive Office. The positions were filled by that Department in February 2019 and the Governor's FY 2019 revised and FY 2020 recommendation transfer them to the Executive Office. The third is authorized but not funded in the recommendation.

The recommendation adds one position and \$0.1 million to support child care licensing activities that have been transferred from the Department of Children, Youth and Families to the Department of Human Services.

Central Administration Staffing. The Executive Office requests \$25.4 million, including \$13.3 million from general revenues to support 162.0 positions at an average cost of \$156,894. The request is \$5,480 more from all sources, including \$0.3 million less from general revenues. This includes cost-of-living adjustments and other benefit changes. As noted, the request shifts \$0.7 million of general revenue staffing expenses to the HIV rebate funds. If those funds are not received there will be a need to use general revenues to support these expenses.

The Governor recommends \$0.1 million than requested, including \$71,068 less from general revenues, adjusted for statewide benefit savings. Based on the information in the Governor's budget publications, it appears that several positions have been upgraded based on a new hiring plan not included in the Executive Office's request. The Governor includes the upgrades but does not provide funding. She instead increases turnover savings equivalent to the \$0.2 million needed to pay for the upgrades. The Executive Office has been asked to identify which of the positions are currently filled.

Central Administration Other Services and Contracts. The Executive Office requests \$1.1 million for other services including \$0.4 million from general revenues, \$0.7 million from federal funds. This is \$2.6 million less from all sources and \$0.1 million less from general revenues.

Grant expenses are \$1.1 million from all other funds for other early intervention services and health technology projects. This also includes \$0.1 million for a grant to the Brain Injury Association of Rhode Island. Restricted receipts collected from nursing home penalties and used to provide nursing facilities education and training programs are lowered by \$0.1 million. *The Governor recommends \$0.8 million more than requested, including \$0.2 million less from general revenues.*

Central Administration Other Expenses. The Executive Office requests \$1.2 million for operating expenses, including \$0.2 million from general revenues. This is \$33,820 less from all sources, including \$12,524 less from general revenues based on updated projections. *The Governor recommends \$24,210 less than requested to reflect three separate statewide savings initiatives designed to reduce operating expenses.*

Special Education. The Executive Office requests \$28.5 million from federal funds for special education services provided by the local education agencies. This includes the enacted level of \$19.5 million for direct services and \$9.0 million for administration costs. *The Governor recommends funding as requested.*

Office of Veterans' Affairs

The Office of Veterans' Affairs is comprised of three program areas, each serving Rhode Island's veterans and their families in different capacities. The Veterans' Home in Bristol serves approximately 200 veterans daily as a nursing home and provides supportive services for residents. The Veterans' Memorial Cemetery is located on 280 acres in Exeter, serving as the final resting place for the state's veterans and their eligible spouses or dependents. The Office's administration conducts and hosts educational events, and provides oversight to its other programs.

The Governor proposes legislation in Article 4 of 2019-H 5151 to transfer the Office of Veterans' Affairs to the Executive Office of Health and Human Services effective July 1, 2019. The budget reflects the transfer. In the Executive Office, she recommends total funding of \$40.3 million, including \$25.8 million from general revenues. She includes staffing of 252.1 full-time equivalent positions, 12.0 more positions than authorized.

Federal per Diem. The Veterans' Home is paid a per diem rate by the federal government to assist in the daily costs of care of the residents at the Home. This rate is increased annually on October 1 and the percent increase is tied to the increases in healthcare costs nationally. The FY 2020 request assumes federal reimbursement consistent with federal FY 2019 rates, for a total of \$10.2 million. The per diem reimbursement varies to include: \$445.36 for those with a service connected disability, \$109.73 for nursing homes and \$47.36 for those in the dormitory setting. *The recommendation assumes reimbursements consistent with federal FY 2019 rates*

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

In FY 2018, the Office collected \$1.2 million from restricted receipts and is anticipated to collect a similar amount for FY 2019. However, it spent \$2.7 million from restricted receipts in FY 2018, \$1.5 million more than it collected, drawing on its account balance. The FY 2020 request includes a total of \$2.1 million from restricted receipts, \$0.8 million more than enacted and \$0.5 million less than the revised FY 2019 request. Based on FY 2018 collections, roughly half of the requested funding can be collected. The Department subsequently reported that this amount was overstated but did not provide information on how expenditures would be affected. While sufficient funding is available for FY 2019, operating costs out pace income and may require supplemental general revenues in future years. *The Governor's recommendation includes \$1.0 million of restricted receipts, which is \$0.3 million less than in the enacted budget and consistent with the revised recommendation.*

Capital Projects. The Office requests \$0.1 million from federal funds for capital projects at the Rhode Island Veterans' Memorial Cemetery. The request is \$0.3 million less than enacted, reflecting completion of projects. This is not consistent with the capital request, which includes \$152,000 from restricted receipts for cemetery projects. *The Governor recommends \$3.0 million more than requested from federal funds and inadvertently excludes restricted receipts for cemetery projects. It should be noted the recommended capital budget includes these funds. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

RI Serves. The Office established a coordinated care network solution and case management system, RI Serves, to connect veterans applying for assistance with program through a community provider network. This is in coordination with the Department of Administration's Division of Information Technology. The Office did not request any funding for this project in its FY 2020 request. *The Governor recommends \$153,000 from general revenues to support the initiative.*

Veterans' Home Personnel. The Office requests \$27.4 million from all sources for personnel expenses at the Veterans' Home, including Office staff and pooled nurses. This includes \$17.1 million from general revenues, \$9.4 million from federal funds, and \$0.8 million from restricted receipts. The request is \$2.3 million more than enacted, \$1.6 million of which reflects increased costs for the nursing pool. The request reflects funding for 219.7 full-time equivalent positions, 3.4 less than enacted.

The Governor recommends \$0.9 million more than enacted from all sources, including \$0.8 million from general revenues. The recommendation includes additional funding for overtime costs and nursing pool expenses based on actual FY 2018 expenditures. However, supporting documents submitted with the

budget indicate that the Executive Office of Health and Human Services will conduct an operational review of the Home to ensure that operating costs align with resources; the recommendation assumes the review will result in \$1.2 million less for overtime than included for FY 2019. Consistent with the revised recommendation, she includes authorization for 12.0 new full-time equivalent positions, converting seasonal staff into permanent positions.

Veterans' Home Operations. The Office requests \$6.8 million for all other operations at the Veterans' Home in Bristol, which is \$35,404 less than enacted. The request includes \$4.7 million from general revenues, \$0.8 million from federal funds, and \$1.3 million from restricted receipts. The request is \$35,404 less than enacted from all sources, including \$0.2 million less from general revenues, \$0.3 million less from federal funds, and \$0.5 million more from restricted receipts. The request includes \$0.2 million less for non-medical contracted services, such as information technology and janitorial services, offset by additional funds for medical services and mobile phone expenses.

The Governor recommends \$0.5 million more than enacted, including \$0.1 million more from general revenues. The recommendation includes additional funding for contracted services and operating costs based on actual FY 2018 spending. However, this is \$1.2 million less than the revised recommendation, including \$0.8 million less from general revenues. Supporting documents submitted with the budget indicate that the Executive Office of Health and Human Services will conduct an operational review of the Home to ensure that operating costs align with resources; the recommendation assumes the review will reduce contracted medical and janitorial spending by 15.4 percent and 42.9 percent, respectively.

Centralized Services. The Office of Veterans Affairs requests the enacted level of \$2.3 million from general revenues for centralized services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$0.6 more than enacted, primarily for facilities management.*

Other Operations. The Office requests \$2.0 million for all other expenses from general revenues, which is \$0.3 million more than the enacted budget. The request includes \$1.8 million for the remaining 18.0 full-time equivalent positions that staff the Office and Veterans' Cemetery, \$0.3 million more than enacted for personnel costs. The request includes total funding of \$1.8 million, which would fully fund all 18.0 full-time equivalent positions.

The Governor recommends \$0.5 million more than requested, including \$0.2 million for software costs offset by other operating reductions of which \$17,995 is from two separate statewide initiatives to reduce operating costs. It also includes \$400,000 for grants to veterans' organizations, \$0.2 million more than in the enacted budget for the Veterans' Home; the recommendation shifts grant funding from the Home to the Office.

Division of Elderly Affairs

The Division of Elderly Affairs is the designated state agency on aging. It is responsible for the development and implementation of a comprehensive, coordinated system of community-based care for Rhode Islanders sixty years of age and older, as well as adults with disabilities. The Division is tasked with developing and implementing a state plan on aging under the federal Older Americans Act and serves as the state's planning and service area on aging under this act. It operates services designed to assist seniors remain independent in the community and administers and funds a wide range of community programs, activities, and services.

The Governor proposes legislation in Article 4 of 2019-H 5151 to transfer the Division of Elderly Affairs and establishing it as the Office of Elder Affairs within the Executive Office of Health and Human Services, effective July 1, 2019. The Budget reflects the transfer. In the Executive Office, she recommends total funding of \$22.1 million, including \$8.4 million from general revenues. She includes staffing of 31.0 full-time equivalent positions, consistent with the authorized level.

Integrated Care Initiative Grant. The Division was awarded a \$428,766 federal grant to be spent from FY 2017 through FY 2019 to support the state health insurance assistance program and to provide options counseling for individuals who are eligible for Medicare and Medicaid, also called “dual eligible.” This grant is available to states that have an integrated care initiative agreement with the federal government; for Rhode Island that is the Rhody Health Options program operated through the Executive Office of Health and Human Services. The Division has programmed \$0.2 million for FY 2019 in its revised request and available carry-forward in its FY 2020 request. *The Governor recommends funding as requested.*

Pharmaceutical Assistance to the Elderly. The Division requests \$33,000 from restricted receipts, \$30,491 more than enacted, for the pharmaceutical assistance to the elderly program. The Department reports that both the FY 2020 and FY 2019 revised requests are based on FY 2017 actual spending. The request appears to be overstated as the program spent \$8,306 in FY 2018 and the Department has previously reported that the program continues to experience declining participation and utilization due to the Affordable Care Act and Medicaid Part D. *The Governor recommends funding as requested.*

Home and Community Care Services. The Division requests \$6.5 million from all sources, including \$3.2 million from general revenues for home care and adult day care services. These programs serve low-income elders who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, and adult day activities. Eligible individuals must be Rhode Island residents, age 65 or older, not eligible for Medicaid, unable to leave home without considerable assistance, and need help with the tasks of daily living.

For those who meet the guidelines, services are provided at a reduced rate. Co-payment amounts are based on the recipient’s income level for each program. Level 1 covers those earning less than 125 percent of federal poverty or less than \$15,175 for individuals and \$20,575 for couples per year. Level 2 covers individuals and couples earning less than 200 percent of federal poverty or less than \$24,280 and \$32,920 per year. The state leverages Medicaid funding for these services through the costs not otherwise matchable provision (CNOM). The request is \$0.2 million more than enacted from general revenues to reflect the state’s share of expenses; however, based on an anticipated match rate of 47.14 percent, the request may be overstated.

On October 1, 2018, the Executive Office of Health and Human Services increased adult day care rates in its medical assistance program through a Medicaid state plan amendment. The amendment states that the rate increase would not apply to adult day services provided through the Division. It should be noted that depending on how an individual is eligible for services, reimbursements are made either by the Division or the Executive Office. Prior to the October 1 change, the same rates were paid by both programs. The Executive Office has indicated that it will request an amendment to raise the Division’s rates; however, this increase is not funded in the enacted budget.

The Governor recommends \$1.3 million more than enacted, including \$0.6 million more from general revenues from a proposal to increase the threshold of income eligibility for adult day and home care services from 200 percent of the poverty level to 250 percent. This change is included in Article 17.

On October 1, 2018, the Executive Office of Health and Human Services increased the adult day care rates in its medical assistance program through a Medicaid state plan amendment. The amendment states that the rate increase was not to apply to adult day services provided through the Division. It should be noted

that there are 27 licensed adult day care providers, operating 32 sites, and depending on how an individual is eligible for adult day, the reimbursements are made either by the medical assistance program or the Division of Elderly Affairs. Prior to the October 1 change, the rates paid were the same. The Executive Office has indicated that it will raise the rates that the Division pays however this increase is not funded in either FY 2019 or FY 2020. The Executive Office reports that the ability to raise the rates is based on current projected underspending on the adult day services. This rate increase is not taken into consideration in the Governor's recommended budget where she proposes to increase the program eligibility threshold to 250 percent. In which case, the funding recommended for the income threshold change may not be sufficient if both changes are approved.

Senior Services Support. The Division requests the enacted level of \$800,000 from general revenues to support the state's senior centers. *The Governor recommends funding as requested.*

Meal on Wheels/Elderly Nutrition Services. The Division requests \$1.4 million from all sources of funds to support Meal on Wheels and elderly nutrition services, consistent with enacted funding. This includes the enacted amount of \$0.6 million from general revenues, as well as \$0.8 million from federal Title III funding. *The Governor recommends funding as requested.*

Respite Care. The Division requests the enacted level of \$140,000 for the Diocese of Providence to support the respite care program. *The Governor recommends funding as requested.*

Elderly Housing Security. The Division requests the enacted level of \$85,000 from general revenues to implement security measures in elderly housing complexes. Responsibility for the program is contained in Rhode Island General Law, Section 42-66.1-3 and the Division annually issues a Request for Proposals to award the funds, which support new lighting, doors and alarms. The funds can be used for a variety of purposes to make elders feel safe in their homes. *The Governor recommends funding as requested.*

Long Term Care Ombudsman. The Division requests the enacted amount of \$0.2 from all sources for the Long Term Care Ombudsman. The request includes \$0.1 million each from general revenues and federal Title VII funds. The Long Term Care Ombudsman is Alliance for Better Long Term Care and advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services; it fills the state's responsibility contained in Rhode Island General Law, Chapter 42-66.7. The ombudsman program identifies, investigates, and resolves complaints raised by the aforementioned parties. *The Governor recommends funding as requested.*

Volunteer Guardianship Program. The Division requests \$44,250 from general revenues to support the volunteer program which provides guardianship services to low-income, older, at-risk persons residing throughout the state who have been identified by a referral source as being in need of this advocacy service; guardianships under this program do not involve decision-making regarding the property or finances of the person. The request is \$3,494 more than enacted to reflect actual FY 2018 expenditures. *The Governor recommends \$2,181 less than requested from two separate statewide savings initiatives to reduce operating costs.*

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

The enacted budget did not include funding for the Center as the Executive Office of Health and Human Services explored funding mechanisms. The Executive Office's revised FY 2019 budget request includes \$0.4 million from federal funds to create a website. *The Governor recommends \$0.2 million for both FY 2019 and FY 2020 from the federal reinvestment funds for an Aging and Disability Resource Center website.*

Other Grants. The Division requests \$6.7 million from all sources for assistance and grants provided to local organizations providing health, nutrition, companion, and other supportive services to the state's elderly. The request is \$13,156 more than enacted for the state's share of case management expenses for in-home services; however, based on an anticipated match rate of 47.14 percent, the request appears to be overstated. *The Governor recommends funding as requested, but shifts \$11,307 for case management expenses from general revenues to federal funds.*

Centralized Services. The Division of Elderly Affairs requests the enacted level of \$0.8 million for centralized services. This is \$0.7 million from general revenues and \$0.2 million from federal funds. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$0.6 million more than requested primarily for facilities management.*

Other Operations. The Division requests \$4.0 million from all sources for other grant and operating expenditures within the Division, including \$1.7 million from general revenues, \$2.1 million from federal funds and \$0.1 million from restricted receipts for indirect costs collected on federal grants. The request is \$0.1 million less than enacted, including \$13,886 less from general revenues, \$88,179 less from federal sources, and \$12,690 less from restricted receipts. It includes \$0.2 million of turnover savings, equivalent to 1.9 full-time equivalent positions. The request also includes \$20,000 more for contracted information technology services. *The Governor recommends \$0.1 million less than requested, including \$25,714 less from general revenues of which \$10,060 is from statewide benefit savings and \$15,654 is from two separate statewide proposals to reduce operating costs.*

2019-H 5151

The Governor recommends legislation that affects implementation and operation for some of the Executive Office's programs. These are included as articles in the Governor's FY 2020 recommended budget and are summarized as follows.

Article 2. Section 7. Health System Transformation Project. This section establishes a restricted receipt in the general fund and the budget of the Executive Office of Health and Human Services so that the healthcare workforce development activities at state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Designated State Health Program. It should be noted that a restricted receipt account is not included in the Executive Office's FY 2020 recommended budget. Federal funding for the three institutions are assumed in the FY 2019 revised and FY 2020 budget recommendations.

Article 4. 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.

Article 4. Sections 14 through 16, 19, 22, 23 and 29. Elderly Affairs. These sections transfer the Division of Elderly Affairs to the Executive Office 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.

Article 16. 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. Section 5 and 6 update applicable medical assistance program language to reflect this change.

Article 16. 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 \$3.9 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.

Article 16. 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.

Article 16. 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.

Article 16. 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.

Article 16. 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.

Article 16. 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.

Article 16. 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.

Article 16. 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. The Article 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, of which \$0.6 million is 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 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.

Department of Children, Youth and Families

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 13,191,289	\$ 14,369,074	\$ 14,090,831	\$ 14,673,940
Child Welfare	173,576,951	186,448,163	182,972,596	175,718,390
Juvenile Corrections	28,292,342	24,504,602	25,496,289	24,499,991
Children's Behavioral Health	12,658,072	13,498,199	13,799,036	13,498,868
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
Total	\$ 227,918,654	\$ 239,020,038	\$ 236,558,752	\$ 228,591,189
Expenditures by Category				
Salaries and Benefits	\$ 73,361,436	\$ 70,662,596	\$ 74,055,625	\$ 71,360,418
Contracted Services	4,903,543	5,545,357	5,618,939	5,545,318
Subtotal	\$ 78,264,979	\$ 76,207,953	\$ 79,674,564	\$ 76,905,736
Other State Operations	12,897,565	12,780,276	11,659,362	12,227,689
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	134,856,110	148,266,778	143,324,826	137,532,764
Capital	1,900,000	1,765,031	1,900,000	1,925,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 227,918,654	\$ 239,020,038	\$ 236,558,752	\$ 228,591,189
Sources of Funds				
General Revenue	\$ 161,614,041	\$ 173,630,931	\$ 172,794,558	\$ 167,263,422
Federal Aid	61,730,191	61,241,572	59,961,794	57,515,210
Restricted Receipts	2,674,422	2,422,535	1,902,400	1,887,557
Other	1,900,000	1,725,000	1,900,000	1,925,000
Total	\$ 227,918,654	\$ 239,020,038	\$ 236,558,752	\$ 228,591,189
FTE Authorization	631.5	629.5	631.0	629.5
FTE Average				

Summary. The Department of Children, Youth and Families requests \$236.6 million from all sources, including \$172.8 million from general revenues, \$60.0 million from federal funds, \$1.9 million from restricted receipts, and \$1.9 million from Rhode Island Capital Plan funds. This is \$8.6 million more than enacted including \$11.2 million more from general revenues, \$1.8 million less from federal funds, and \$0.8 million less from restricted receipts. The request reflects a rate increase for foster care, cost increases for placement services, and unachieved savings from initiatives included in the enacted budget. The Department requests 631.0 full-time equivalent positions which is 0.5 less than the current authorized staffing.

The Governor recommends \$228.6 million from all sources, including \$167.3 million from general revenues. The recommendation is \$0.7 million more than enacted from all sources which is \$8.0 million less than requested, including \$5.5 million more from general revenues. The Governor recommends 629.5

full time-equivalent positions, 2.0 less than enacted. The recommendation includes statewide savings of \$3.2 million, noted below where appropriate.

Target Issues. The Budget Office provided the Department with a general revenue target of \$165.7 million. The amount includes current service adjustments of \$12.5 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$8.4 million.

The Department did not submit a constrained request. The Departments request is \$7.1 million more than the target. *The recommendation is \$1.6 million more than the target.*

FY 2020 Budget	Budget Office	Children, Youth and Families	Difference
FY 2019 Enacted	\$ 161,614,041	\$ 161,614,041	\$ -
Current Service Adjustments	12,461,924	9,302,969	(3,158,955)
New Initiatives	-	1,877,548	1,877,548
Change to FY 2019 Enacted	\$ 12,461,924	\$ 11,180,517	\$ (3,158,955)
FY 2020 Current Service/Unconstrained Request	\$ 174,075,965	\$ 172,794,558	\$ (3,158,955)
Target Reduction/Initiatives	(8,387,186)	-	8,387,186
FY 2020 Constrained Target/Request	\$ 165,688,779	\$ 172,794,558	\$ 7,105,779
<i>Change to FY 2019 Enacted</i>	\$ 4,074,738	\$ 11,180,517	\$ 7,105,779

Staffing. The Department requests 631.0 full-time equivalent positions for FY 2020 which is 0.5 positions less than the current authorized level of 631.5 positions. The request shifts positions between programs. The request lowers staffing in Juvenile Corrections by 9.6 and Child Welfare by 1.5. Changes in Juvenile Corrections reflect staffing needs for an all-time low caseload at the Training School. The removal of 11.1 positions are partially offset by the addition of 10.6 positions; 7.1 positions in Central Management, 3.0 in Children’s Behavioral Health, and 0.5 from an unidentified position. As of the pay period ending September 1, 2018, there were 573.0 filled positions and 58.5 vacancies.

The Governor recommends 629.5 positions which is 1.5 fewer positions than requested and 2.0 fewer than enacted. This includes 3.1 fewer Central Management positions and 1.1 more Child Welfare positions than requested. It also adds an unallocated 0.5 position consistent with FY 2019 revised changes. Additionally the budget transfers the functions of the child care licensing unit to the Department of Human Services. The eight positions dedicated to this work are not being transferred with the function and would instead be retained and are not allocated to any specific division in the current recommendation. As of January 19, 2019, the Department has 585.0 positions filled and 46.5 vacancies.

The enacted authorization, the Department’s request and the Governor’s recommendation along with the changes to the enacted budget are shown in the following table.

Division	FY 2019 Enacted	FY 2020 Request	Request to Enacted	FY 2020 Governor	Governor to Enacted	Governor to Request
Central Management	69.0	76.1	7.1	71.0	2.0	(5.1)
Children's Behavioral Health	14.0	17.0	3.0	17.0	3.0	-
Child Welfare	375.0	373.5	(1.5)	368.6	(6.4)	(4.9)
Juvenile Corrections	174.0	164.4	(9.6)	164.4	(9.6)	-
Unidentified	(0.5)	-	0.5	8.5	9.0	8.5
Total	631.5	631.0	(0.5)	629.5	(2.0)	(1.5)

Supplemental Security Income Recovery. Supplemental Security Income are funds administered by the federal Social Security Administration. These funds are awarded for any child who is disabled either physically or mentally to a point in which the child’s ability to function is impaired. When the Department

becomes the representative payee for the child and receives Supplemental Security Income funds, it uses these funds to offset costs of care while the child is in a placement. Not all children are eligible for these funds, but the Department states that through a reimbursement hierarchy in its child welfare system, it is able to determine whether or not a child is eligible for these funds. When the child is eligible, the Department always elects to use Supplemental Security Income funds in place of Title IV-E as these funds are 100 percent federal and require no state match. The Department noted that it cannot use both Supplemental Security Income funds and Title IV-E funds, so when the child is eligible for both, the Department chooses to use Supplemental Security Income for costs of care and Title IV-E is foregone.

The enacted budget assumes collections of \$1.6 million for the children's trust account from increased claiming of Supplemental Security Income funds. The Department's request restores \$0.6 million of the savings that will not be achieved.

Despite the caseload growth in FY 2018 from FY 2017, the Supplemental Security Income collections have continued to decrease. The Department has asserted that the FY 2018 budget included unachievable reimbursement rates. However, the FY 2018 Supplemental Security Income collections of \$2.2 million were only \$0.1 million less than the enacted budget assumptions. They were \$0.2 million less than FY 2017 despite a significant growth in caseload. The FY 2020 request decreases collections to \$1.0 million, consistent with the revised request. This is \$1.2 million less than FY 2018 and \$1.0 million less than FY 2017 despite a higher caseload. *The Governor recommends \$14,843 more from these receipts than requested.*

Parental Contributions. Parental contributions for disabled children voluntarily given to the Department are mandated to pay financial support under Rhode Island General Law, Section 15-9-1(a). This includes the amount to be paid to the Department based on calculations that include parental income and the amount necessary to support the child.

Consistent with the revised request, the Department's request decreases expected parental contributions by \$0.2 million to \$54,590 and, consequently, transfers the expenses covered by these contributions to general revenues. These parental contributions are used to offset costs for disabled children voluntarily given to the Department which are otherwise paid by the Department. Despite a growing caseload in FY 2018 from FY 2017, the overall parental collections decreased by \$23,066. It is unclear why this is the case. *The Governor's recommendation assumes contributions as requested.*

Congregate Care. The Department requests \$26.5 million from all sources, including \$18.0 million from general revenues, \$8.3 million from federal funds, and \$0.2 million from restricted receipts for congregate care. Congregate care refers to residential based settings, as opposed to home based settings. Under current law, the Department may only continue placements and services to serious emotionally disturbed or developmentally disabled individuals age 18 through 21. Anyone not meeting that criteria is supposed to exit Department care on their 18th birthday, but may receive transitional services. The number of individuals in congregate care is decreasing at a relatively consistent rate. Although FY 2018 spending significantly exceeded the final budget, upon which the FY 2019 enacted budget was based, the number of congregate care placements has decreased by 24, or 5.6 percent, between July 1, 2018 and October 1, 2018.

The request is \$1.0 million less than enacted from all sources including \$1.4 million more from general revenues, \$2.3 million less from federal funds, and \$46,540 less from restricted receipts. The revisions reflect a smaller population than assumed in the enacted budget and a realignment of expectations for federal reimbursement for these placements in general. The request is also \$4.9 million less from all sources than the revised request, including \$0.7 million less from general revenues. In addition to the expected population reduction, this reflects the expectation that fewer individuals will be served through residential treatment facilities. Those settings are intended to provide services for the most troubled children under the Department's care.

The Department indicates it plans to convert two or three residential treatment facilities into psychiatric residential treatment facilities. These are non-hospital facilities that provide comprehensive mental health treatment to children and youth who need residential treatment due to mental illness, substance abuse or severe emotional disturbance. They are intended to be short-term treatment facilities to promote a successful return to the community. This conversion will allow the Department to claim Medicaid match on all the expenses for these services. This proposal was submitted after the budget as part of the Department's first quarter spending corrective action plan.

The Governor recommends \$4.2 million less than requested including \$3.6 million less from general revenues to reflect two changes to the Department's assumptions.

First, the recommendation includes savings of \$0.8 million from general revenues from expecting the Department to achieve a greater reduction in congregate care placements, not tied to any specific proposal.

Second, the recommendation includes \$3.4 million less from all sources, including \$2.8 million less from general revenues related to an initiative proposed in the Department's first quarter corrective action plan to accelerate the movement of individuals age 18 to 21 from congregate settings into the Voluntary Extension of Care, which was established in 2018 as an option for more comprehensive transition services for youth exiting state care. This would require moving 114 children from congregate care settings whose average cost is \$6,589 per youth per month to the Voluntary Extension of Care program where the average cost is \$1,200 per youth per month; an average savings of \$5,398 per youth per month. This assumes moving 57 youth from congregate care during FY 2019 and 57 additional individuals by January 2020.

This savings proposal suggests that there are many more individuals who have remained in care past their 18th birthday that do not meet the disability criteria for service beyond that age.

Foster Care. The Department requests \$33.7 million from all sources, including \$30.9 million from general revenues, \$2.3 million from federal funds and \$0.4 million from restricted receipts for foster care. This is \$7.0 million more than enacted from all sources, including \$9.4 million more from general revenues, \$2.1 million less from federal funds, and \$0.3 million less from restricted receipts. The changes include updated caseloads and cost projections which are significantly higher than assumed in the enacted budget. For FY 2018, there were an average of 1,518 children in foster care. Through October 1, 2018, the Department has averaged 1,656 placements, an increase of 138 placements.

It should be noted that the enacted budget provides \$1.4 million to pay for increased rates for traditional placements. Actual rate changes differed from enacted assumptions with the rates impacting the most populous age groups set higher than expected. That is shown in the following table.

Foster Care Rates Per Diem			
		FY 2019	FY 2019
	Prior	Enacted	Revised
Birth to 3	\$ 17.95	\$ 21.92	\$ 23.00
Age 4 to 11	\$ 19.26	\$ 24.71	\$ 25.50
12 and older	\$ 21.01	\$ 26.26	\$ 26.50

The request is also \$3.0 million more from all sources including \$4.4 million more from general revenues than the revised request. This includes \$2.8 million more to reflect a new payment structure based on tiered reimbursements with the remainder funding a further increase in caseload.

The Department's request reflects its plans to issue a Request for Proposals to make direct payments to foster parents regardless of whether they are recruited through a provider. This is to ensure parity in payments received by foster parents regardless of how the family was recruited. Additionally there will be

a change in the categories and rates to create a tiered system based on need. The specific model contemplated has not been released.

The Governor recommends \$250,000 in general revenue savings from additional Title IV-E claiming and concurs with the remainder of the request.

Foster Care Home Studies. The Department requests \$0.1 million from general revenues which is \$0.6 million less than enacted for foster care home studies which is more consistent with FY 2018 spending and the FY 2019 revised request. This funding was provided to increase the availability of foster care families by increasing the Department's capability to evaluate and process potential foster care families in a more efficient and timely manner. It is not clear why there is not a plan to increase spending in this area above prior years given the stated shortage of foster homes and cost implications of that. Currently, there are four community providers that perform home study services: Community Care Alliance, Family Service of Rhode Island, Deveraux Foundation and Children's Friends and Services. The contracts include a \$50 hourly rate for services not to exceed 20 hours for one potential foster family unless approved by the Department. *The Governor recommends funding as requested.*

Adoption and Guardianship. The Department requests \$23.1 million from all sources including \$15.8 million from general revenues for adoption and guardianship expenses. This is \$1.1 million more than enacted including \$0.6 million more from general revenues. This includes adoption subsidies until age 21, pre-adoption placements, and both relative and non-relative guardianships. The FY 2020 request reflects the average of the final month of FY 2018 and the first quarter of FY 2019, consistent with the revised request.

The Department notes that its focus is on achieving permanency, and thus is working toward moving more placements from foster homes and congregate care homes to permanent homes. This could increase permanent placement subsidies above the estimate. *The Governor recommends funding as requested.*

Daycare. The Department requests \$6.7 million for daycare subsidies for children in the Department's care, including \$5.5 million from general revenues. This is \$0.5 million more than enacted including \$0.6 million more from general revenues and consistent with the revised request. The Department reports the increase is related to increased foster care placements, as daycare subsidies are provided to foster children. *The Governor recommends \$37,185 more than requested for the Department's share of a prekindergarten rate increase proposed in Article 10.*

Community Based Services. The Department requests \$37.1 million from all sources, including \$22.8 million from general revenues for community based services for foster care, congregate care, and in-home populations. This is \$7.1 million more than enacted, including \$3.8 million from general revenues, but \$0.9 million lower than the revised request to reflect a slightly smaller caseload. These services include counseling, education programs, family support services for preparation for reunification, family centered treatment, parent aides, and the Positive Parenting Program.

The recommendation is \$2.0 million less than requested from all sources, including \$1.3 million less from general revenues to reflect savings assumed in the revised budget. The Department estimates that children receiving support services need approximately eight months of service but were receiving twelve months because of the six-month renewal interval. The Department's corrective action plan proposed reducing the home-based support services renewal interval from six months to two months to produce these savings.

Foster Care Service Realignment. The Department's request includes savings of \$2.1 million, including \$1.9 million from general revenues from terminating five contracts for community based services to families that are underutilized. While the Department only pays for services provided, it plans to terminate

contracts where the utilization is between 30 and 35 percent of capacity and bring services in-house to be delivered by current staff.

The Governor's recommendation includes these savings and at the time of that recommendation, the Department had terminated the five provider contracts.

Voluntary Extension of Care. The Department requests \$1.7 million from all sources including \$0.7 million from general revenues and \$1.0 million from federal funds for a Voluntary Extension of Care initiative approved by the 2018 Assembly. This is \$0.6 million less than enacted from all sources including \$1.0 million less from general revenues and \$0.3 million more from federal funds. These services are open to individuals who had not been in state care for two years and those exiting state care at age 18. Foster Forward previously provided transition services to youth age 18 to 21. These services were ineligible for federal matching funds as they were for individuals no longer under the direct care of the Department. By extending the length of Department care, the target population became eligible for Title IV-E funds. Unlike traditional Title IV-E claims, which is tied to family income, the eligibility is tied to the individual's income which significantly increases the likelihood of qualifying.

The Department reports that there are about 100 youth in various stages of review who likely qualify for the Voluntary Extension of Care. However, the enacted budget assumed approximately 180 youth would be eligible for these services, which was to be achieved through phasing out its contract with Foster Forward for its Youth Establishing Self-Sufficiency transition program; this has not been the case. The FY 2020 budget request assumes the transition of 180 youth into the program.

The Governor recommends \$0.4 million more than requested, including \$0.3 million more from general revenues. This is based on a proposal in the Department's FY 2019 first quarter corrective action plan to accelerate the placement of individuals age 18 to 21 from congregate programs into the Voluntary Extension of Care. This would require moving 57 children in congregate care for six months in FY 2019 and 57 additional individuals by January 2020 at an average cost of \$6,589 per youth per month to the Voluntary Extension of Care at an average cost of \$1,200 per youth per month, \$5,389 less per youth per month. As of February 1, the Family Court has approved one individual.

18-21 Year Olds - Youth Establishing Self-Sufficiency (YESS) program. The Department requests to remove all funding for the Youth Establishing Self-Sufficiency program for which the enacted budget includes \$0.3 million from general revenues for the contract with Foster Forward. These services were provided to individuals age 18 through 21 who are exiting the Department's care and oversight.

The Department reports that it is working towards phasing out the program, but the program still provides services to individuals who would not be eligible for the federal match under the new Voluntary Extension of Care program. If these individuals are moved to the more costly new program, all of their expenses would need to be paid from general revenues at a total higher cost. Therefore, as a part of its revised request, the Department includes plans to keep the program until participants aged out of it. It is unclear why the Department would discontinue this program in FY 2020 if individuals not eligible for the federal match remain, as this would maintain lower costs. *The Governor recommends funding as requested.*

18 - 21 Year Olds. The Department requests \$12.2 million from all sources, including \$9.1 million from general revenues for other services to serious emotionally disturbed or developmentally disabled individuals age 18-21. This is \$3.2 million less from all sources including \$2.9 million less from general revenues. This is consistent with the FY 2019 revised request.

Anyone not meeting that criteria are removed from the Department's caseload on their 18th birthday and may receive services through the Youth Establishing Self-Sufficiency program. The Department is unable to provide data on how many individuals qualify and are receiving services through this authorization but

reports that its request is based on spending through FY 2018 and the first quarter of FY 2019. *The Governor recommends funding as requested.*

Children’s Rights Settlement. The Department requests \$0.1 million from general revenues for a data validator in compliance with the state’s settlement with Children’s Rights, consistent with the revised request. In May 2018, the case was settled in the Court of Appeals for the First Circuit. The Department entered into an agreement to fulfill mutually agreed upon commitments for improvement. The settlement included commitment areas in which the Department must address and report on. These commitments are: performing an assessment of every child that enters foster care or upon a placement or change; not placing a child in a shelter under any circumstances; limiting the placement of children in congregate care; striving to place siblings together; developing mechanisms to track visitation between siblings and parents; reassessing the base rates for foster care maintenance payments and review these base rates every three years; establishing targets for the Department to comply for timeliness of investigations; conducting an annual assessment of events of abuse or neglect occurring in Department foster care; and developing and implementing an annual recruitment and retention plan for foster homes.

For each of these commitments, the Department is required to submit proof of compliance to an independent data validator who will determine if the Department data is unbiased, reliable and statistically valid. The data validator will then submit findings and assessments to the Office of the Child Advocate who will determine whether or not the Department has fulfilled the agreed upon criteria. Upon completion of each assessment criteria for two consecutive six month periods, the Department may file with the District Court of Rhode Island to exit from monitoring for that specific commitment. If the Department fails to comply with these requirements, the data validator and the Office of the Child Advocate will put forward a corrective action plan to help guide compliance. If such action fails, a second corrective action will be decided between the parties once again in court. The first six month period of data collection began on July 1, 2018. *The Governor recommends funding as requested.*

Yale University Evaluation Services. The Department requests \$0.3 million for foster care evaluation services provided by Yale University which is \$0.4 million less than enacted, consistent with the revised request. Yale University provides services to the Department including reporting on child welfare outcomes, continuation and completion of the Rhode Island National Youth Transition Database data analytics, analyses of adolescent needs, strength assessment, analysis and data brief on placement stability, and staff reviews. This reduction is based on anticipated costs for service usage in FY 2019.

As part of its FY 2018 constrained request, the Department included savings of \$0.5 million through a proposal to eliminate the Department’s contract with Yale University. However, this initiative was not recommended by the Governor, nor was it approved by the General Assembly, as eliminating the contract would cause the Department to fall out of compliance with numerous federal guidelines, requirements, and agreements surrounding federal grant initiatives and federal funding opportunities. In addition, it would have limited the ability to conduct data and evaluation activities. *The Governor recommends funding as requested.*

Other Placements and Services. The Department requests \$3.9 million for all other placements and services including \$3.0 million from general revenues and \$0.8 million from federal funds. This is \$0.8 million more than enacted, including \$0.6 million more from general revenues. These costs include intensive supervision for troubled children, client rents, and training for nursing and religious chaplains. These placements also include medical treatments provided to children, a first month rent payment when it is the last barrier to reunification, purchasing bus passes for parents when necessary, parent aide services including education (tutoring, SATs, unfunded summer school) among other costs that are not covered by any other source of payment. The request is based on FY 2018 actual spending. *The Governor recommends funding as requested.*

Juvenile Corrections

Salaries and Benefits. The Department requests \$18.9 million for salaries and benefits in Juvenile Corrections, including \$18.8 million from general revenues and \$0.1 million from federal funds. This is \$0.9 million less than enacted mostly from general revenues primarily from eliminating vacant positions. The request is for 9.6 fewer positions than the 174.0 authorized to reflect an all-time low Training School population. The request would fund 162.5 of the 164.4 requested positions; an average of approximately 2 vacancies in FY 2020. At the time of the budget submission, the Department had 156.0 positions filled.

The Governor recommends \$1.4 million less than requested, including \$0.2 million in statewide benefit adjustments and \$1.2 million in additional turnover savings, based on both current staffing and anticipated needs from the declining population. This would fund approximately 152 positions, but the recommendation does not lower the number of authorized positions from the request. As of January 19, 2019, the Department has 149.0 positions filled at the Training School.

Education Cost Sharing. Under Rhode Island General Law, Section 16-64-1.1(d), the Department is responsible for payments to any child-caring facility, community residence, or residential facility if it places a child in a facility that has a contract which funds a pre-determined number of placements, the facility is state-licensed, or operates an approved, on-grounds education program.

The Governor's budget includes general revenue savings of \$1.3 million by shifting education costs from the state to local districts for youth in certain residential facilities and at the Rhode Island Training School. Currently, districts pay only for students living in group homes that do not have a contract with the Department for a predetermined number of placements. The proposal in Article 15 would shift the cost of educating 22 children at those facilities as well as those at the Rhode Island Training School from the state to local districts. The savings is assumed as a reduction to education aid to local districts, not as a change in expenses for the Department's budget.

Education Services. The Department requests \$0.3 million from all sources for education services at the Rhode Island Training School. This is \$0.1 million less than enacted including \$84,391 less from general revenues, \$64,819 less from federal funds and \$28,675 more from restricted receipts. The Department reports this more accurately reflects costs of a lower population, primarily a reduction in the need for temporary staff. The increase from restricted receipts is from a grant through the Rhode Island Foundation to support the education program at the training school.

Educational services are provided to all residents of the Rhode Island Training School, both detained and adjudicated. Each teacher's class size is capped at twelve students. The services adhere to all Department of Elementary and Secondary Education regulations. Courses include academic, co-curricular and career/technical work. The Community College of Rhode Island offers on-site courses and vocational classes to post-secondary students.

The Governor recommends \$133,863 less than requested based on updated estimate of need. By source this is \$383,863 less from federal funds and \$250,000 more from general revenues to account for the loss of eligibility for federal education funding from the Governor's proposal to bill local education agencies for education costs of juveniles in certain facilities. The Department would lose its status as a limited purpose local education agency.

Institutional Support Services. The Department requests \$1.1 million primarily from general revenues for institutional support services. This is \$0.2 million less than enacted mostly from general revenues to more closely reflect FY 2018 actual spending and is consistent with the revised request. It is unclear why costs do not decrease, as the population continues to decline. This reduction includes legal costs, repairs and maintenance, food, non-prescription medicine, and clothing expenses for juveniles. This also includes

an additional \$1,700 from federal funds for compliance with the Prison Rape Elimination Act. *The Governor recommends \$71,012 less than requested from three separate statewide proposals designed to reduce operating costs.*

Juvenile Probation and Parole. The Department requests \$0.3 million for non-staff expenses for Juvenile Probation and Parole which is \$20,815 more than enacted from general revenues to more accurately reflect FY 2018 actual spending. It is unclear why costs do not decrease, as the population continues to decline. These services are provided by the juvenile corrections unit responsible for supervision of adolescence that are placed on probation by the Family Court. These costs include monthly maintenance for the probation and parole system and other operating costs. *The Governor recommends funding as requested.*

Other Operations

Child Care Licensing Transfer. The Department is responsible for licensing child care centers. These centers are designated as any person, firm, corporation, association or agency who, on a regular or irregular basis, receives any child under the age of 16 years, for care and/or supervision, and is apart from his parent or guardian for any part of a 24-hour day irrespective of compensation or reward. This includes child care programs that are offered to employees at the worksite. However, it does not include nursery schools or other programs of educational services subject to approval by the Commissioner of Elementary and Secondary Education. The child care assistance program, managed by the Department of Human Services, offers child care subsidies to support low-income families who are in need of child care. The request assumes costs of \$1.1 million, including \$0.2 million from general revenues for licensing staff, including 4.0 Caseworker II, 3.0 Chief of Practice Standards, and 1.0 Chief of Licensing and Regulation.

The Governor's recommendation includes legislation in Article 4 of 2019-H 5151 to transfer responsibilities for the licensing of child care providers to the Department of Human Services to centralize transactions between child care providers and the state. Her budget reduces requested expenses by \$1.1 million, including \$0.2 million from general revenues. Current staff doing this work would be reassigned within the Department. She includes \$0.8 million, of which \$0.2 million is from general revenues, and authorization for 8.0 full-time equivalent positions in the Department of Human Services' budget. There is also a related legal position in the Executive Office of Health and Human Services.

Other Salaries and Benefits. The Department requests \$55.1 million from all sources, including \$35.2 million from general revenues, \$19.8 million from federal funds and \$0.1 million from restricted receipts for salaries and benefits for the remainder of the Department's staff. This includes \$2.3 million more than enacted from general revenues, \$0.8 million less than enacted from federal funds, and \$0.1 million more than enacted from restricted receipts; this includes current service adjustments of \$1.5 million. The Department expects 4.3 vacancies for these programs; an average of 462.0 filled positions of the 466.6 requested positions for FY 2020. At the time of the budget request, the Department had 446.0 positions filled.

The Department's request is also based on a change in methodology that determines what percentage of salaries and benefits are reimbursable with federal funds. This is determined through actual salaries and benefits spending and the most recent results of the cost allocation plan. *The Governor recommends \$0.3 million less than requested, including \$0.1 million more from general revenues. This includes \$0.3 million less from statewide benefit adjustments. The recommendation reflects a correction to the allocation methodology used in the request.*

Pivot to Prevention. The Department, in collaboration with the Office of Management and Budget, has developed recommendations to improve its systems for preventing child abuse, particularly with respect to fatalities and near fatalities. This includes increased staff capacity to develop an interdepartmental referral procedure and protocol, training Department and other state agency staff on the new protocol, and

developing and implementing a newborn risk assessment system. This collaboration also includes the Department of Health and the Government Performance Lab at the Harvard Kennedy School of Government. The Department's request does not include funding for this activity. *The Governor adds \$136,600 from all sources, including \$73,600 from general revenues to support a 0.6 full-time equivalent position within the existing staffing authorization for 20 hours a week for one year.*

RICHIST System Maintenance. The Department requests \$2.2 million from all sources, including \$0.8 million from general revenues and \$1.4 million from federal funds for its Rhode Island Children's Information System to more closely reflect FY 2018 actual spending and is consistent with the revised request. This is \$0.4 million more than enacted from all sources including \$35,866 more from general revenues and \$0.4 million more from federal funds. This system provides several services including a state central registry for child abuse and neglect, costs for vendor payroll, tracking Title IV-E spending, tracking family court cases, and tracking whether a child is eligible for Supplemental Security Income or Medicaid federal reimbursement. The maintenance contractor is Network Six Incorporated. *The Governor recommends funding as requested.*

RICHIST Mobilization Pilot. The Department requests \$0.4 million from all funds, including \$0.1 million from general revenues and \$0.3 million from federal funds for a mobilization pilot to upgrade its child tracking system. This is \$0.5 million less than enacted from general revenues and \$11,000 more from federal funds. In an effort to reduce general revenue expenses, the Department is requesting Information Technology Investment funds for the purchase of technology that is compatible with the Department's tracking system. This is included in the Department's FY 2020 capital request. *The Governor recommends funding as requested and includes \$101,075 from the Information Technology Investment Fund for FY 2019 only. This appears to underfund the total request.*

Rent. The Department requests \$2.8 million including \$2.7 million from general revenues and \$0.1 million from federal funds for its main office at 101 Friendship Street. This is \$0.1 million more than enacted primarily from general revenues. The enacted budget assumes \$50,000 in savings from moving staff, including management and budget, and communications and licensing, to the Pastore Center in Cranston. The Department reports that it does not have any plan to move staff to the Pastore Center and requests to restore the \$50,000. The Department reports that the lease agreement includes increased costs to base rent, utility costs and ancillary costs for the remaining \$87,364. *The Governor recommends funding as requested.*

Cost Allocation Plan Consulting. The Department requests \$0.7 million from federal funds for its cost allocation plan consulting based on FY 2018 actual spending. This is \$0.2 million more than enacted from federal funds. The Department uses a consultant, Public Consulting Group Incorporated, to develop and maintain the cost allocation plan. The cost allocation plan determines what portion of staff salaries and benefits are attributable to Title IV-E and Medicaid and what other administrative federal claiming is reasonable and appropriate for the Department. *The Governor recommends funding as requested.*

Child Welfare Institute Contract. The Department requests \$0.2 million from general revenues to reflect the annualized cost of the Child Welfare Institute contract signed in the first quarter of FY 2019. This is \$21,728 less than enacted from general revenues. The purpose of this contract is for social caseworker training through the Child Welfare Institute at Rhode Island College to prepare caseworkers for field work before taking on a client caseload. *The Governor recommends funding as requested.*

Security Services. The Department requests \$0.3 million primarily from general revenues for contracted security guards at its headquarters at 101 Friendship Street, and other Department facilities such as its Bristol office to more closely reflect FY 2018 actual spending and is consistent with the revised request. This is \$0.1 million more than enacted mostly from general revenues. *The Governor recommends funding as requested.*

Centralized Services. The Department requests \$4.5 million from all sources for its centralized services. This is \$0.7 million less than enacted from federal funds which is partially offset by an additional \$19,350 from general revenues. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The FY 2020 request is \$2.6 million more than FY 2018 actual spending. *The Governor recommends \$0.9 million more than requested to reflect billings through November and December.*

Capital Projects. Consistent with the capital budget request, the Department requests \$1.9 million from Rhode Island Capital Plan funds for projects at the Rhode Island Training School, which is also consistent with the enacted budget. This includes installation of a generator and facility repairs. *The Governor recommends \$25,000 more than requested to reflect an updated schedule for building repairs. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. For the Department, changes include \$750,000 less for FY 2020.

Other Operations. The Department requests \$4.5 million from all sources for all other operations. This includes \$4.2 million from general revenues, \$0.2 million from federal funds, and \$29,000 from restricted receipts. This is \$0.1 million more than enacted from general revenues. This includes \$1.8 million for operating costs at Department field offices, \$0.6 million for outside contracted services, \$0.5 million for temporary staff services, \$0.2 million for insurance, \$0.1 million from various federal funds, and \$1.2 million for all other costs. The increase of \$0.1 million in additional general revenues is primarily for temporary staff positions until full-time staff are hired. These temporary positions tend to be support staff or clerical. Other changes include \$0.1 million more for operating costs at Department field offices and \$36,403 more in electricity costs to more closely reflect FY 2018 actual spending. *The Governor recommends \$0.2 million less than requested from three separate statewide proposals designed to reduce operating costs.*

Department of Health

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 12,319,785	\$ 14,997,661	\$ 13,196,094	\$ 14,720,679
Community Health and Equity	103,746,864	108,626,590	107,906,586	108,422,912
Environmental Health	13,273,872	13,342,909	13,291,892	13,689,640
Health Lab. & Medical Examiner	12,578,985	12,373,922	12,848,768	13,145,439
Customer Services	12,118,579	12,630,093	13,146,364	13,106,304
Policy, Info. & Communications	4,690,126	5,761,984	6,859,451	7,171,557
Preparedness, Response, Infectious Disease & Emergency Services	15,383,478	20,326,608	18,387,443	18,360,053
Total	\$ 174,111,689	\$ 188,059,767	\$ 185,636,598	\$ 188,616,584
Expenditures by Category				
Salaries and Benefits	\$ 59,099,534	\$ 58,468,904	\$ 62,381,263	\$ 63,071,957
Contracted Services	10,007,686	14,578,313	11,089,838	11,129,838
Subtotal	\$ 69,107,220	\$ 73,047,217	\$ 73,471,101	\$ 74,201,795
Other State Operations	63,533,324	67,508,569	65,327,418	66,595,050
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	40,902,910	46,638,393	46,493,767	47,066,767
Capital	568,235	865,588	344,312	752,972
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 174,111,689	\$ 188,059,767	\$ 185,636,598	\$ 188,616,584
Sources of Funds				
General Revenue	\$ 28,963,829	\$ 30,094,507	\$ 29,799,423	\$ 32,240,040
Federal Aid	101,214,203	110,670,928	106,556,907	106,001,980
Restricted Receipts	43,933,657	47,294,332	49,280,268	49,974,564
Other	-	-	-	400,000
Total	\$ 174,111,689	\$ 188,059,767	\$ 185,636,598	\$ 188,616,584
FTE Authorization	514.6	517.6	514.4	520.6
FTE Average				

Summary. The Department of Health requests expenditures of \$185.6 million from all sources, including \$29.8 million from general revenues. The request is \$11.5 million more than enacted, including increases of \$0.8 million from general revenues and \$5.3 million each from federal funds and restricted receipts. The Department requests staffing of 514.4 full-time equivalent positions, 0.2 below the enacted budget and consistent with the revised request.

The Governor recommends \$188.6 million from all sources, which is \$3.0 million more than requested including \$2.4 million more from general revenues. This includes \$0.3 million of statewide savings, noted below where appropriate. She recommends staffing of 520.6 full-time equivalent positions, 6.0 positions more than authorized.

Target Issues. The Budget Office provided the Department with a general revenue target of \$28.3 million. The amount includes current service adjustments of \$0.8 million and a 5.0 percent target reduction of \$1.5 million, adjusted for certain exclusions. The request is consistent with the current service level; however, the Department did not submit a constrained budget. *The recommendation is \$3.9 million above the target.*

FY 2020 Budget	Budget Office		Health	Difference		
FY 2019 Enacted	\$	28,963,829	\$	28,963,829	\$	-
Current Service Adjustments		835,599		835,599		-
<i>Change to FY 2019 Enacted</i>	\$	835,599	\$	835,599	\$	-
FY 2020 Current Service/Unconstrained Request	\$	29,799,428	\$	29,799,428	\$	-
Target Reduction/Initiatives		(1,489,971)		-		1,489,971
FY 2020 Constrained Target/Request	\$	28,309,457	\$	29,799,428	\$	1,489,971
<i>Change to FY 2019 Enacted</i>	\$	(654,372)	\$	835,599	\$	1,489,971

Indirect Cost Recovery. The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditure such as assistance and grants. A portion of the Department’s federal grants allow a percent cost recovery charge on the actual amount expended.

Based on anticipated receipts and expenditures, the Department projects a FY 2019 year-end balance of \$856,143. The FY 2019 revised as well as the FY 2020 requests assume \$5.9 million in revenues from a recovery rate of 17.8 percent, for total resources of \$6.8 million. The recovery rate assumed is 17.9 percent higher than the enacted budget. The request assumes expenditures of \$6.7 million, \$0.6 million more than enacted. This assumes \$0.9 million more for salaries and benefits and \$0.5 million more for grants to community-based organizations, offset by \$0.8 million less for centralized services, based on historical expenditures. The Department projects a FY 2020 year-end balance of \$31,754. *The Governor recommends funding as requested.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Department requests \$4.3 million from all sources, including the enacted amount of \$2.3 million from general revenues for its share of centralized services. This is \$945,344 less than enacted and \$20,517 less than FY 2019 projected expenses. The request includes the enacted amount of \$1.1 million for facilities management and \$59,405 more for human services, offset by \$1.0 million less for information technology, to align expenditures with FY 2018 spending. The Budget Office instructed agencies to include the enacted amount for these expenses.

The Governor concurs and recommends an additional \$1.5 million from general revenues for facilities management, consistent with the revised budget. The increase includes \$0.7 million for costs to adjust for prior years’ experience. The Division of Capital Asset Management and Maintenance indicates that maintenance costs for Chapin and Cannon buildings have increased and projected expenses are based on emergency responses for boiler repairs, electrical wiring and rental of equipment for the morgue.

Central Management

Health Equity Zones. The request includes new expenditures of \$0.5 million from restricted receipts budgeted as grants; the Department indicates that this is a placeholder and will likely be used to fund additional Health Equity Zones. The zones are geographical areas designed to achieve health equity by

eliminating health disparities using place-based strategies to promote healthy communities. A total of ten zones were created throughout the state in 2015. They are currently located in Providence, Pawtucket, Central Falls, West Warwick, Woonsocket, Bristol and Newport. The Department stated its intent to add more zones; the FY 2019 revised request also includes \$200,000 for this. *The Governor recommends funding as requested.*

Minority Health Program. The Department requests \$0.4 million from general revenues, or \$8,952 more than enacted for the Minority Health Program, which works to eliminate racial and ethnic health disparities. The request includes \$0.2 million to fund 1.7 full-time equivalent positions. This is \$8,684 and 0.2 positions less than enacted and is consistent with the revised request. The request includes benefit rates consistent with FY 2020 planning values. It also adds \$16,086 in grants provided to support community-based organizations and \$2,000 for program evaluation services. *The Governor concurs, with the exception of providing \$666 less from general revenues from statewide benefit savings.*

Other Staffing and Operations. The Department requests \$9.7 million from all sources for all other expenses in the Division of Central Management, which provides the overall leadership for the Department through strategic planning and public health policy development, and centralized administrative services. The request is \$1.2 million more than enacted, including \$14,217 from general revenues, \$0.3 million from federal funds and \$0.9 million from restricted receipts. It includes \$6.1 million to fund 46.9 full-time equivalent positions, \$1.0 million more than enacted. This includes \$0.4 million to fund 3.0 new positions that the Department anticipates filling in January 2019. It restores turnover savings of \$0.3 million and \$0.3 million for updated staffing allocation and benefit rates consistent with FY 2020 planning values.

Expenditures for operations are \$129,217 more than enacted, including \$182,301 from federal grants, reflective of a new grant for the prevention of maternal depression. *The Governor recommends \$62,174 less from general revenues than requested, including \$2,412 from statewide benefit savings and \$59,762 from two separate statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Community Health and Equity

Immunization Programs. The Department requests \$50.7 million from all sources, or \$2.2 million more than enacted for immunization programs based on vaccine purchasing projections. This includes \$0.7 million less from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$2.9 million more from restricted receipt expenditures for child and adult immunizations.

The request includes \$3.4 million for staffing of 26.9 full-time equivalent positions. Salary and benefit costs are \$0.3 million and 0.1 more position than enacted, reflective of current staffing allocations and FY 2020 planning values. The request includes \$45.7 million or \$2.2 million more than enacted to purchase vaccines. Other expenditures are \$0.4 million less than enacted for services obtained from the Rhode Island Parent Information Network and KidsVax to develop the vaccine rate assessment. The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective on 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 is 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. *The Governor concurs; however, the recommendation inadvertently included an additional \$42,724 for salaries. It also appears that statewide benefit savings from non-general revenue sources were not taken.*

WIC Nutrition Assistance. The request includes \$25.6 million or \$0.3 million more than enacted for the Women, Infants, and Children nutrition assistance program which provides supplemental foods, nutrition

education and information, referral and coordination services for eligible women and children under the age of five who are at risk of poor health and development because of inadequate nutrition, health care or both. The request includes \$1.5 million for salary and benefit costs of 12.7 full-time equivalent positions. This is \$121,107 more than enacted, reflective of an additional 0.7 position allocated to the program and benefit rates consistent with FY 2020 planning values. The request restores the enacted turnover savings of \$37,064. As of the last pay period in November 2018, all of the positions were filled.

The request includes \$20.9 million for direct benefit payments and vendor payments for those who issue the benefit vouchers to recipients, and \$3.2 million for information technology, claims processing and various program operating costs. Based on anticipated work, the request recategorized certain expenditures previously budgeted as grants to contracted services. Reported expenditures were \$22.4 million in FY 2017 and \$22.0 million in FY 2018. The request is \$0.4 million less than FY 2019 anticipated costs. The 2016 Assembly adopted legislation as part of the budget to transfer the program from the Department of Human Services to the Department of Health. *The Governor concurs; however, the recommendation inadvertently included an additional \$8,545 for salaries. It also appears that statewide benefit savings from non-general revenue sources were not taken.*

Maternal, Infant, and Early Childhood Home Visiting. The Department requests \$8.7 million from federal funds, \$2.9 million more than enacted reflective of funds previously received for the Maternal, Infant and Early Childhood Home Visiting Program, which provides families with resources and services such as preventive health and prenatal practices, promoting positive parenting techniques, and finding employment and child care solutions. The request includes \$0.9 million to fund 6.5 full-time equivalent positions for administration of the program. It also includes \$7.0 million or \$2.7 million more than enacted to community-based organizations for various services. Though requested expenditures are more than enacted, the Department anticipates receiving less federal funds for the program.

The Governor concurs and recommends an additional \$1.1 million from all sources, including \$76,358 from federal funds for updated salaries. She also recommends \$1.0 million from general revenues, based on an anticipated federal funds reduction. This includes \$650,000 to support family home visiting and \$378,000 to provide families with resources and services such as preventive health and prenatal care.

Obesity and Other Diseases Prevention. In 2014, the Department received a \$7.2 million federal award for a four-year cycle through September 2018 to focus on preventing obesity, diabetes, and heart disease and stroke among adults, with particular focus on priority populations to reduce health disparities. Supplemental awards were also received through the years, bringing total funding to approximately \$14 million. The FY 2020 requests assume the end of the grant and removes the \$4.1 million included in the FY 2019 enacted budget. *The Governor concurs.*

Heart Disease and Stroke Prevention. The request includes \$2.2 million from a new Centers for Disease Control and Prevention federal award. The Department indicates that the funds will be used to promote programs that prevent deaths and disabilities due to diabetes, heart disease and stroke. The request includes \$1.0 million to fund 7.5 full-time equivalent positions. Remaining funds will be used for cardiovascular disease control and prevention efforts within both clinical and community settings. *The Governor concurs.*

Other Staffing and Operations. The request includes \$20.2 million from all sources, including \$0.6 million from general revenues for all other expenses in the Division of Community Health and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, and to reduce, prevent and control chronic diseases, disabilities and risk factors. The request is \$0.9 million more than enacted, including \$10,868 from general revenues, \$0.1 million from restricted receipts and \$0.8 million from federal funds, to reflect a new award from the U.S. Department of Health and Human Services to provide services to expectant and parenting teens. The request includes \$7.4 million for salary and benefit costs for 56.2 full-time equivalent positions. This is \$0.2 million and 0.6 positions

less than enacted, reflective of staffing allocations among programs. The request includes benefit rates consistent with FY 2020 planning values.

The request also includes \$2.0 million for various cancer screening related programs, including \$1.1 million to organizations, such as the Hospital Association, which maintains the state's cancer registry, a statewide surveillance database related to the cancer patient population, \$3.8 million for perinatal and early childhood services, including newborn screening, \$1.5 million for chronic disease management programs, and \$3.7 million for health promotion and wellness programs, including smoking cessation. *The Governor recommends \$0.6 million less from all sources than requested, including \$0.6 million less from federal funds based on updated awards. She also recommends \$3,743 less from general revenues, including \$2,224 from statewide benefit savings and \$1,519 from a statewide savings initiative designed to reduce operating costs. It appears that statewide benefit savings from non-general sources were not taken.*

Environmental Health

Food Protection. The request includes \$5.0 million to fund the Food Protection Program. This is \$0.1 million less than enacted, including \$153,915 more from general revenues offset by \$256,623 from federal funds based on anticipated awards. The Office of Food Protection is responsible for licensing and regulating more than 7,300 “farm to table” food establishments including restaurants, caterers, food markets, bakeries, food processors, dairy producers, bottlers, and bottle beverage plants. The office also conducts inspections and investigates food related disease outbreaks and complaints.

The request includes \$4.7 million for salary and benefit costs of 41.8 full-time equivalent positions. This is \$0.1 million more and 1.2 fewer positions than enacted. It includes an additional \$0.2 million in turnover savings, offset by increases for benefit rates consistent with FY 2020 planning values. Operating costs of \$0.2 million are \$0.2 million less than enacted. This includes \$0.1 million less to adjust indirect cost recovery charges and \$0.1 million less for travel expenses such as mileage reimbursement, cell phones and other program expenses. *The Governor recommends \$30,761 less than requested, including \$29,570 less from general revenues from statewide benefit savings and \$1,191 less from two separate statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Drinking Water Protection Program. The Department requests \$3.9 million from all sources to fund the Drinking Water Quality Program, which is responsible for enforcing the provisions of the Safe Drinking Water Act and several state laws relating to safe drinking water and regulating nearly 500 public water systems. The request is \$0.7 million more than enacted, including \$12,728 more from general revenues and \$0.7 million more from the federal Safe Drinking Water Act Revolving Loan Fund, which was established to provide a mechanism to issue low interest loans to public water systems to improve their infrastructure.

The request includes \$2.7 million for staffing of 23.5 full-time equivalent positions. This is \$0.4 million more than enacted, reflective of salary and benefit costs for an additional 1.2 full-time equivalent positions shifted from other areas and benefit rates consistent with FY 2020 planning values. Operating expenses are \$0.2 million more than enacted to primarily reflect expenditures for indirect cost recovery charges, information technology support and for training courses. Technical training courses include operator certification exam preparation courses and guidance. *The Governor concurs, with the exception of providing \$1,903 less from general revenues than requested. This includes \$1,829 from statewide benefit savings and \$74 from two separate statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Blood Lead Poisoning Prevention. The Department requests \$0.9 million, including \$0.2 million from general revenues to match federal funds for blood lead poisoning prevention activities. This is \$0.1 million

less than enacted, including decreases of \$35,665 from general revenues, \$0.1 million less from federal funds, and an increase of \$33,000 from restricted sources that the Department indicates that the Office of Attorney General is providing from the Volkswagen settlement. The Office allocated \$130,000 to the Department of Health over two years, including \$97,000 in FY 2019 to fund five lead poisoning prevention projects, including: referrals and other assistance to foster families about remediation of lead hazards identified in foster homes for children under six years of age, increasing screening compliance statewide and enhanced work with municipalities to ensure that lead remediation projects in older homes are done by certified lead professionals.

The request includes \$0.5 million from general revenues and federal funds to fund 4.4 full-time equivalent positions. This is \$33,106 and 0.5 positions less than enacted based on staffing allocation changes. The request includes \$143,500 from general revenues to support certified lead centers, which provide case management to lead poisoned children. It includes \$107,274 for lead inspection services and \$50,000 for the Childhood Lead Action database.

The Governor recommends an additional \$190,000 from general revenues, including \$40,000 to conduct inspections and non-medical case management for non-Medicaid children, \$70,000 to municipalities, \$30,000 for women, infants, and children screening, and \$50,000 for education and outreach for high risk populations, including the Department of Children, Youth and Families. She also includes \$260 less from general revenues than requested from statewide benefit savings and \$175 from a statewide savings initiative designed to reduce operating costs.

Other Staffing and Operations. The Department requests \$3.4 million from all sources, including \$1.1 million from general revenues for the Environmental Health Program, which is responsible for all licensure and regulatory activities relating to environmental health, as well as activities relating to healthy homes. The request is \$24,846 less than enacted, including an increase of \$56,999 from general revenues and decreases of \$38,388 from federal funds and \$45,457 from restricted receipts. The request includes \$2.6 million for salary and benefit costs of 21.3 full-time equivalent positions. This is \$18,476 less than enacted to primarily reflect turnover savings. The request includes benefit rates consistent with FY 2020 planning values. It includes the enacted amount of \$200,000 for the Poison Control Center. Other expenditures are \$45,322 less, primarily from federal funds for software maintenance agreements.

The Governor concurs, with the exception of providing \$8,274 less from general revenues than requested, including \$6,169 from statewide benefit savings and \$2,105 from two separate statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.

Health Laboratories and Medical Examiners

Office of State Medical Examiners. The request includes \$3.3 million from all sources, including \$3.1 million from general revenues for the Office of State Medical Examiners. This is \$118,787 more than enacted, including \$96,824 from general revenues. The request includes \$2.7 million for salary and benefit costs of 17.6 full-time equivalent positions. This is \$79,463 and 0.1 more position than enacted, reflective of staff time allocated. Consistent with the enacted budget, the request assumes \$0.1 million in turnover savings. As of the last pay period in November 2018, the Office has three vacancies, including the chief medical examiner. The request is \$20,542 less than the current service level, reflective of employee medical benefit selection. The request adds \$46,745 for contracted services including \$22,500 for contracted medical examiners for total funding of \$60,000. It also includes \$234,200 for livery, x-ray and histology services, consistent with historical expenditures. *The Governor concurs, with the exception of providing \$31,808 less from general revenues, including \$14,628 from statewide benefit savings and \$17,180 from two separate statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Health Laboratories - Salaries and Benefits. The Department requests \$6.8 million from all sources for salary and benefit costs of 61.5 full-time equivalent positions for staffing of the Health Laboratories Program, which provides testing for the identification of confiscated drugs as well as conducts DNA analysis of evidence to assist law enforcement agencies in solving drug-related and other crimes. It also provides laboratory services for public health and environmental protection.

The request is \$0.3 million and 0.5 more positions than enacted. The request is \$74,207 more than the current service level to primarily reflect the restoration of turnover savings. The Department notes that staffing for Health Laboratories is dictated by workload. It further notes that depending on the test requests, the requirements for when the test results are needed varies: tests for a pathogen that could cause a public health crisis must be completed within an hour and routine clinical tests, such as HIV or blood lead levels, are expected within days. As of December 2018, the backlog of untested drug evidence was 177 cases. The Department indicates that this backlog is at a level that is acceptable to law enforcement agencies. *The Governor recommends \$33,716 less from general revenues than requested from statewide benefit savings and concurs with the remainder of the request. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Capital - Laboratory Medical Equipment Replacement. The Department of Health submitted a capital budget requesting a total of \$2.4 million from Rhode Island Capital Plan funds to create a new Laboratory Medical Equipment Fund, which would allow the Department to replace medical equipment. The Department indicates that some of its current equipment is no longer being supported by the manufacturers and notes that without these instruments, it would not be able to process DNA samples or upload data into the national database, conduct analysis of metals in drinking water and food including arsenic, lead, mercury and copper and measure certain substances, such as alcohol or drug levels. It appears that some of the instruments are more than 15 years old and, per the Department, the term of useful life is 10-12 years. *The Governor recommends \$0.4 million annually, for total funding of \$2.0 million.*

Health Laboratories - Operations. The Department requests \$2.7 million from all sources, including \$2.2 million from general revenues for all other expenses for the Health Laboratories program. This is \$21,350 less than enacted, including \$44,797 less from general revenues. Of the requested amount, \$1.3 million or approximately half is for medical supplies such as test kits, chemicals, reagents and glassware. It also includes \$0.1 million for a maintenance agreement for the Millennium software, which tracks sample information, such as date of collection, specimen type, test requested, and patient demographic information. It includes \$0.4 million for maintenance costs for equipment, such as centrifuges and incubators. The request also includes minor adjustments for waste disposal, mileage and clerical services. *The Governor recommends \$42,065 less from general revenues than requested from two separate statewide savings initiatives designed to reduce operating costs and concurs with the remainder of the request.*

Customer Services

Real ID Implementation. The 2018 Assembly provided the Department with \$0.3 million from general revenues and 1.0 new position for costs and staffing associated with issuing more vital records for implementation of federal Real ID requirements. It also provided funding to set up a satellite location at the Division of Motor Vehicles branch in Cranston that will provide customers the ability to obtain their birth certificates onsite. The position has been filled and the Department indicates that the individual has gone through the training process. The infrastructure at the registry is complete the Department reported that the satellite office opened on December 3. *The Governor concurs.*

Vital Records System Upgrade. The 2018 Assembly concurred with the Governor's recommendation to allow use of \$1.7 million from the Information Technology Investment Fund in the Department of Administration's budget to purchase modules for the vital records system, including death registration, marriage/civil union, and induced termination of pregnancy data collection. The Department of Health

indicates the project is substantially behind. A Request for Proposals was issued; however, no vendors applied. Staff from the office as well as the administration plan to conduct a site visit to New Hampshire, which has a system that the Department indicates it would like to obtain. *The Information Technology Investment Fund assumes use of \$2.8 million for the project, including \$0.5 million in FY 2019 and \$2.3 million in FY 2020.*

Office of Vital Records. The Department requests \$2.2 million from general revenues and federal funds for the Vital Records program, which is responsible for a statewide vital records system involving the births, marriages, deaths and fetal deaths that occur in the state. The request is \$82,412 more than enacted, including an increase of \$59,959 from general revenues.

The request includes \$1.7 million for staffing of 16.5 full-time equivalent positions, which is consistent with the authorized level. This is \$91,251 more than enacted and is \$36,590 more than the current service level to reflect the restoration of budgeted turnover savings from a systems analyst position. As of the last pay period in November 2018, there were 1.5 positions vacant. The request includes benefit rates consistent with FY 2020 planning values. It also includes \$0.5 million for operations, which is \$8,839 less than enacted, including \$7,317 from federal funds for clerical services and postage. *The Governor recommends \$21,889 less from general revenues than requested, including \$14,111 from statewide benefit savings and \$7,778 from two separate statewide savings initiatives designed to reduce operating costs.*

Medical Marijuana Program. The Department requests \$0.7 million, or \$4,092 less than enacted from restricted receipts for costs associated with the Medical Marijuana program. This includes \$0.6 million or \$53,437 less for salaries and benefits, reflective of staffing allocations and turnover restoration. The program is staffed by 5.6 full-time equivalent positions, 0.3 positions less than enacted. The request includes an additional \$49,345 for program expenses, including \$20,000 for software maintenance costs associated with the medical marijuana regulation system and \$30,000 for postage. The request is \$8,184 more than FY 2019 projected expenditures.

The Governor concurs and recommends an additional \$0.3 million and 3.0 new positions related to proposed changes in Article 20 of 2019-H 5151 to the hemp and medical marijuana programs. The legislation establishes the authorization and regulation of an age 21 and older marijuana program. The regulation of all programs is centralized 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. 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.

Other Salaries and Benefits. The Department requests \$8.2 million from all sources for staffing of 66.4 full-time equivalent positions in the Division of Customer Services. This is \$0.6 million more than enacted, including \$0.2 million from general revenues. The request results in a realignment of positions consistent with other changes. The Department indicates that it has seen improvement in customer satisfaction among business owners and it has to continue to work on getting its licensing and regulatory frameworks to be even more customer and business friendly. The request includes salary and benefit rates consistent with FY 2020 planning values and assumes \$0.6 million in turnover savings, \$0.3 million more than enacted. *The Governor recommends \$35,272 less from general revenues from statewide benefit savings and concurs with the remainder of the request. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Other Expenses. The Department requests \$1.5 million from all sources, including \$0.8 million from general revenues for all other expenses in the division. This is \$0.1 million less than enacted, to primarily reflect training expenditures for the Prescription Drug Monitoring system, which provides information regarding prescription of controlled substances in order to prevent improper or illegal use of controlled

substances, pursuant to Rhode Island General Law, Section 21-28.3-1. *The Governor recommends \$28,566 less from general revenues from two separate statewide savings initiatives designed to reduce operating costs and concurs with the remainder of the request.*

Policy, Information & Communications

Health Professional Loan Repayment. The Department requests \$2.2 million from federal funds and restricted receipts for the health professional loan repayment program, which pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The request is \$1.5 million more than enacted including \$0.4 million from federal funds and \$1.1 million from restricted receipts to reflect anticipated receipts from the Rhode Island Health Care Association, which the Department will use to provide the 50.0 percent minimum match on the federal grant. *The Governor recommends funding as requested.*

Healthcare Information Technology. The 2004 Assembly adopted legislation establishing a Healthcare Information Technology and Infrastructure Development Fund to be administered by the director of the Department of Health in coordination with the Healthcare Information Technology and Infrastructure Advisory Committee. The fund is supported by grants or donations that the Department receives and must be used for projects that supported healthcare information technology projects shown to improve healthcare quality. The legislation requires that the director prepare and issue an annual report by January 30th of each year, detailing the amount of funds spent in the previous year. FY 2019 is the first year that the Department has received funding for this purpose. The Department indicates that additional contributions over the next couple years are expected.

Consistent with the revised request, the request includes restricted receipts of \$175,000 in contributions from Lifespan and Care New England. The funds are transferred to the Executive Office of Health and Human Services to support the Rhode Island Quality Institute. The legislation states that the receipts would be deposited into a fund. The request assumes that the receipts are deposited into restricted accounts and does not assume the 10.0 percent indirect cost recovery charge. *The Governor recommends funding as requested. She also proposes legislation in Article 2 of 2019-H 5151 establishing this as a restricted receipt account instead of the fund and exempts it from the indirect cost recovery charge.*

Health Systems Monitoring. The request includes expenditures of \$182,500 in restricted receipt funding that the Department indicates are receipts from hospitals as administrative fees or penalties imposed as compliance orders. It appears that there is no statutory authority for the creation of this account and \$0.5 million was received in FY 2018 and through January 2019, an additional \$750,000 was received. Of the requested amount, \$80,000 will be used for clerical services. The remaining funds are budgeted as grants. Subsequently, the Department indicates that the funds will be used to partially fund six positions to conduct inspections of state facilities as well as investigate complaints. The Department indicates that the backlog of state facility complaints has continued to grow because of a staffing shortage.

The Governor recommends \$509,881 or \$327,381 more than requested and will be used to support 3.0 new inspector positions. She also proposes legislation in Article 2 of 2019-H 5151 establishing this restricted receipt account; the account is not exempt from indirect cost recovery. The legislation does not specify the uses of the funds.

Salaries and Benefits. The Department requests \$2.5 million from all sources, including \$0.8 million from general revenues to fund 19.7 full-time equivalent positions for the Division of Policy, Information and Communications. The division includes the Centers for Public Health Communications, Legislative and Regulation Affairs, and the Office of the Associate Director, which provides policy redirection and operational oversight and coordination. The request is \$169,063 more than enacted and is \$0.1 million more than the current service level to reflect cost allocation for an additional 0.9 full-time equivalent

position. *The Governor recommends \$4,448 less from general revenues than requested from statewide benefit savings. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Other Expenses. The request includes \$1.5 million from all sources, of which \$122,609 is from general revenues for operating expenditures in the division. This is \$83,975 more than enacted, including decreases of \$5,000 from general revenues and \$0.1 million from federal funds offset by \$0.2 million more from restricted receipts for the All-Payer Claims Database, also known as the HealthFacts RI project, which is used to examine the use, quality, and cost of healthcare in the state. This project is jointly managed by the Executive Office of Health and Human Services, Department of Health, Office of the Health Insurance Commissioner, and HealthSource RI. *The Governor recommends \$1,608 less than requested from two statewide savings initiatives designed to reduce operating costs.*

Preparedness, Response, Infectious Disease & Emergency Services

Opioid Prevention Programs. The Department has secured new federal funding from the U.S. Department of Health and Human Services and the Centers for Disease Control and Prevention to support the drug overdose prevention programs. The request includes \$2.2 million for opioid prevention, of which \$1.0 million will be used to fund 9.0 full-time equivalent positions. This includes 4.0 new positions within the Department's current staffing authorization and the remaining positions are being shifted from other federal grants that have or will expire. The request includes \$1.2 million for program expenses, including grants to behavioral health organizations and municipalities on a competitive basis. Funds will also be used to provide training to first responders. *The Governor recommends funding as requested.*

HIV/AIDS Prevention. The request includes \$2.7 million, \$1.0 million more than enacted from federal funds for prevention and surveillance functions and tasks of the HIV/AIDS program. The Department funds HIV/AIDS awareness and prevention services and treatment services through a number of initiatives ranging from providing medication to non-insured residents to educating teachers who teach sex education classes in the high schools. The awareness and prevention services include community outreach programs, which are based on a Request for Proposals, where the Department will outline what services are to be provided. The request includes \$0.7 million for staffing of 6.5 full-time equivalent positions to support the program. It includes \$1.2 million or \$0.8 million more than enacted for grants to various community-based agencies providing services and \$0.3 million more than enacted for medical supplies, such as test kits and printing expenses for an awareness campaign. *The Governor recommends funding as requested.*

Other Expenses. The Department requests \$13.3 million from all sources of funds, including \$2.0 million from general revenues for all other expenses for the Division of Preparedness, Response, Infectious Disease and Emergency Medical Services. This is \$0.2 million less than enacted including an increase of \$46,739 from general revenues. Salary and benefit costs of \$7.7 million for staffing of 55.4 full-time equivalent positions are \$0.2 million less than enacted, which reflects turnover savings. The request includes benefit rates consistent with FY 2020 planning values.

The request also includes \$6.3 million or \$2,224 less than enacted for operating expenses. This includes \$5.7 million from federal funds, which are used to help hospitals and healthcare entities plan for, respond to, and recover from mass casualty events. It also provides grants to cities and towns to enhance emergency response preparedness. The request includes the enacted amount of \$542,925 from general revenues, of which \$0.4 million is for the state-funded tuberculosis specialty clinic at the Miriam Hospital and a contract for Rhode Island Hospital for ambulatory pediatric tuberculosis services. *The Governor concurs, with the exception of providing \$14,700 less from general revenues, \$8,078 from statewide benefit savings and \$6,622 from two statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken.*

Department of Human Services

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 8,652,225	\$ 9,805,824	\$ 10,380,392	\$ 9,784,230
Child Support Enforcement	10,007,734	9,137,403	8,776,373	9,748,563
Individual and Family Support	140,828,188	148,692,384	151,991,556	161,654,190
Office of Veterans' Affairs*	34,424,736	37,969,226	36,669,938	-
Health Care Eligibility	15,464,476	14,330,398	17,220,499	13,400,899
Supplemental Security Income	20,022,000	19,944,100	20,022,000	20,169,608
Rhode Island Works	99,246,253	97,550,309	100,469,831	104,650,015
Other Programs	283,314,417	266,301,998	266,341,781	266,291,181
Elderly Affairs*	20,870,630	21,193,658	20,961,915	-
Total	\$ 632,830,659	\$ 624,925,300	\$ 632,834,285	\$ 585,698,686
Expenditures by Category				
Salaries and Benefits	\$ 101,715,942	\$ 100,474,722	\$ 109,633,764	\$ 75,030,786
Contracted Services	16,305,466	25,456,797	24,170,268	21,194,581
Subtotal	\$ 118,021,408	\$ 125,931,519	\$ 133,804,032	\$ 96,225,367
Other State Operations	22,171,536	26,758,727	18,794,002	20,873,360
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	487,129,385	466,863,459	475,049,979	463,374,302
Capital	502,192	641,538	502,192	541,577
Capital Debt Service	-	-	-	-
Operating Transfers	5,006,138	4,730,057	4,684,080	4,684,080
Total	\$ 632,830,659	\$ 624,925,300	\$ 632,834,285	\$ 585,698,686
Sources of Funds				
General Revenue	\$ 97,999,785	\$ 107,333,790	\$ 107,499,078	\$ 74,895,242
Federal Aid	521,070,844	502,965,046	506,643,877	494,120,978
Restricted Receipts	8,996,552	9,817,009	13,927,852	11,918,988
Other	4,763,478	4,809,455	4,763,478	4,763,478
Total	\$ 632,830,659	\$ 624,925,300	\$ 632,834,285	\$ 585,698,686
FTE Authorization	1,020.1	1,030.1	1,018.1	755.0

*FY 2020 funding is shown in the Executive Office of Health and Human Services' budget to reflect proposed transfers.

Summary. The Department of Human Services, including the Office of Veterans' Affairs and the Division of Elderly Affairs, requests total funding of \$632.8 million from all fund sources, including \$107.5 million from general revenues, \$506.6 million from federal funds, \$13.9 million from restricted receipts and \$4.8 million from other funds. This is \$3,626 more than enacted, including \$9.5 million more from general revenues and \$4.9 million more from restricted receipts, offset by \$14.4 million less from federal funds. The Department also requests 1,018.1 full-time equivalent positions, 2.0 less than enacted to reflect a shift to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. As of the first pay period in December 2018, the Department has 110.0 vacancies. *The Governor includes Article 4, which*

proposes to shift the Office of Veterans' Affairs and the Division of Elderly Affairs to the Executive Office of Health and Human Services effective July 1, 2019. The Governor recommends \$58.6 million in the Executive Office's budget to reflect the shifts, including \$30.6 million from general revenues. She transfers 240.1 full-time equivalent positions for the Office and 31.0 positions for the Division to the Executive Office.

The Governor also includes Article 15, which transfers the child care licensing unit from the Department of Children, Youth and Families to the Department of Human Services. The shift would centralize transactions with child care providers. She includes \$0.8 million from all sources and authorization for 8.0 full-time equivalent positions for the unit.

The Governor recommends \$584.9 million from all sources for the remaining programs within the Department of Human Services, including \$74.8 million from general revenues. She recommends authorization for 747.0 full-time equivalent positions, 2.0 less than enacted to reflect the shift of two positions to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Target. The Budget Office provided the Department with a general revenue target of \$100.2 million. The amount includes current service adjustments of \$7.1 million and a 5.0 percent target reduction of \$5.0 million, adjusted for certain exclusions. The Department's request is \$2.4 million above the current services estimate; the constrained budget submitted by the Department is \$7.0 million above the target.

The Department proposes savings initiatives of \$350,000 from general revenues. The items are discussed separately, where appropriate. *Including the Office of Veterans Affairs and the Division of Elderly Affairs, the recommendation is \$5.4 million above the target.*

FY 2020 Budget	Budget Office	Human Services	Difference
FY 2019 Enacted	\$ 97,999,785	\$ 97,999,785	\$ -
Current Service Adjustments	7,127,478	9,499,293	2,371,815
Change to FY 2019 Enacted	\$ 7,127,478	\$ 9,499,293	\$ 2,371,815
FY 2020 Current Services	\$ 105,127,263	\$ 107,499,078	\$ 2,371,815
Target Reduction/Initiatives	(4,975,960)	(350,000)	4,625,960
FY 2020 Recommendation/Request	\$ 100,151,303	\$ 107,149,078	\$ 6,997,775
<i>Change to FY 2019 Enacted</i>	\$ 2,151,518	\$ 9,149,293	\$ 6,997,775

Federal Poverty Guidelines. The federal poverty guidelines are used for the purpose of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2018 guidelines are as follows.

Percent of Federal Poverty Level Based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 12,140	\$ 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.

Staffing. The Department requests 1,018.1 full-time equivalent positions in FY 2020, 2.0 fewer than enacted. The request shifts 2.0 positions to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to align actual work performed by the staff members with the appropriate state

agency. The enacted budget includes authorization for 1,020.1 positions and provides funding for approximately 985 positions, leaving approximately 35 positions unfunded.

As of December 8, 2018, the Department has 910.0 filled positions and is averaging 908.1 filled positions in FY 2019. The Department averaged 873.4 filled positions in FY 2018 and 835.7 positions in FY 2017. The number of filled positions had been slowly increasing from a low of 781.2 in November 2011, though declined in FY 2017 with the implementation of the Unified Health Infrastructure Project, which was assumed to reduce the number of staff needed and resulted in the elimination of 99.0 positions in the Governor’s FY 2018 recommended budget. System issues have since resulted in a staffing increase. The FY 2018 enacted budget added 143.0 positions related to the Unified Health Infrastructure Project, of which 66.0 were to be permanent and 77.0 term-limited.

The Governor recommends 755.0 full-time equivalent positions, 265.1 less than enacted. This reflects the transfer of 240.1 positions for the Office of Veterans’ Affairs and 31.0 positions for 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 also adds 8.0 positions to reflect the transfer of the child care licensing unit from the Department of Children, Youth and Families.

Unified Health Infrastructure Project

The Department requests a total of \$27.8 million from all sources for the Unified Health Infrastructure Project, including \$4.0 million from general revenues and \$11.1 million from restricted receipts to be collected from Deloitte, for all project related expenses. The request is \$12.4 million more than enacted, including \$2.2 million more from general revenues. The request for additional general revenues is offset by reductions to program eligibility administration, discussed separately. Across these programs, the Department requests a total of \$80.2 million, or \$12.8 million more than enacted. *The Governor recommends a total of \$22.8 million for the Unified Health Infrastructure Project, which is \$5.0 million less than requested and \$7.4 million more than enacted. Combined with costs associated with program eligibility administration, the Governor recommends \$78.4 million, including \$23.6 million from general revenues. The recommendation is \$14.1 million more than enacted across both programs, \$3.0 million more from general revenues.*

The following table shows all expenditures for the Unified Health Infrastructure Project and program eligibility administration included in the enacted budget, as well as the Department’s revised request and Governor’s revised budget recommendation. It is followed by a description of each component.

<i>Staff & Other Expenses</i>	General Revenues			All Sources		
	Eligibility			Eligibility		
	UHIP	Admin.	Total	UHIP	Admin.	Total
Enacted	\$ 1.8	\$ 18.3	\$ 20.1	\$ 15.4	\$ 52.0	\$ 67.4
Request	4.0	17.3	21.3	27.8	52.4	80.2
Governor Rec.	(0.7)	23.8	23.1	22.8	58.7	81.5
Gov. Chg. To Enacted	\$ (2.5)	\$ 5.5	\$ 3.0	\$ 7.4	\$ 6.7	\$ 14.1

\$ in millions

Staffing. The Department requests \$16.1 million from all sources, including \$2.2 million more from general revenues, for Unified Health Infrastructure Project related staffing expenses. Funding will support portions of 322 eligibility and casework staff for whom an enhanced Medicaid match is available. It should be noted that the FY 2018 enacted budget added 143.0 full-time equivalent positions specifically to support ongoing efforts to resolve system issues and application backlogs. While the enacted budget included authorization for the additional personnel, it did not add funding for these positions as it anticipated the Department could fund them with existing resources. This assumption was based on a budget amendment requested by the

Governor subsequent to her FY 2018 budget recommendation. The amendment indicated that funding for the positions would be made available through concessions with the contractor.

All 143.0 full-time equivalent positions were hired within the first quarter of FY 2018. It should be noted that the enacted budget assumes 77.0 positions would be term-limited, with the remaining positions to be permanent. The Department previously reported that all positions would be permanent by the end of FY 2018. It should also be noted that the request includes \$5.7 million from restricted receipts, \$0.1 million less than the enacted budget. The Governor's recommended FY 2019 budget proposed collecting receipts from a credit provided by Deloitte for ongoing work on the new computer system. As of December 2018, the state has not collected any receipts from the credit, and negotiations are ongoing. *The Governor recommends \$1.2 million less than enacted from all sources, including \$2.2 million more from general revenues. This is offset by additional funding for personnel in the program eligibility administration, noted separately.*

Other Expenses. The Department requests \$11.7 million from all sources, including \$7.9 million from general revenues, for all other operating expenses related to the Unified Health Infrastructure Project. The request is \$7.9 million more than enacted from all sources, including \$170 more from general revenues, \$3.6 million more from federal sources, and \$4.3 million more from restricted receipts. The additional funding requested is nearly entirely for contracted information technology support services and management consultants.

It should be noted that the revised request includes \$5.5 million from restricted receipts, \$4.3 million more than enacted. The Governor's recommended FY 2019 budget proposed collecting receipts from a credit provided by Deloitte for ongoing work on the new computer system. As of December 2018, the state has not collected any receipts from the credit, and negotiations are ongoing.

The Governor recommends \$8.6 million more than enacted, including \$4.7 million less from general revenues. The general revenue savings primarily reflects the shift of expenditures from general revenues to additional restricted receipts to be collected from Deloitte. It should be noted, as of February 1, negotiations with the contractor are still ongoing. If funding from the contractor cannot be secured, additional general revenues will be needed to support the expenses.

Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$124.2 million from all sources, including \$31.9 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$4.2 million more than enacted, including \$0.2 million more from general revenues. The Department's request does not reflect the estimate adopted at the November Caseload Estimating Conference.

The following table itemizes cash assistance expenditures as enacted, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2018. Each category is discussed separately. *The Governor recommends \$125.2 million, including \$32.9 million from general revenues. Compared to the conference estimate, the Governor includes an additional \$1.0 million for subsidized child care for three separate proposals.*

Cash Assistance	FY 2018 Actual	FY 2019 Enacted	FY 2019 Nov. CEC	FY 2019 Gov. Rev.	FY 2020 Nov. CEC	FY 2020 Gov. Rec.
Rhode Island Works						
Persons	9,831	10,025	9,700	9,700	9,700	9,700
Monthly Cost per Person	\$ 193.10	\$ 193.00	\$ 194.65	\$ 194.65	\$ 195.64	\$ 195.64
Total Costs/Federal Funds	\$ 24.9	\$ 25.3	\$ 24.8	\$ 24.8	\$ 24.8	\$ 24.8
Child Care						
Subsidies	8,895	9,300	9,125	9,125	9,517	9,517
Annual Cost per Subsidy	\$ 7,316	\$ 7,912	\$ 7,912	\$ 7,912	\$ 8,205	\$ 8,205
General Revenue	\$ 9.9	\$ 10.7	\$ 10.7	\$ 10.7	\$ 10.7	\$ 11.7
Federal Funds	55.2	62.9	61.5	61.5	67.4	67.4
Total Costs	\$ 65.1	\$ 73.6	\$ 72.2	\$ 72.1	\$ 78.1	\$ 79.1
SSI						
Persons	35,118	35,000	34,500	34,500	34,883	34,883
Monthly Cost per Person	\$ 47.68	\$ 47.50	\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00
Total Costs/General Revenues	\$ 20.2	\$ 20.0	\$ 19.9	\$ 19.9	\$ 20.2	\$ 20.2
SSI Transition/Bridge						
Persons	256	270	210	210	210	210
Monthly Cost per Person	\$ 153.11	\$ 137.00	\$ 164.00	\$ 164.00	\$ 164.00	\$ 164.00
Total Costs/General Revenues	\$ 1.1	\$ 1.1	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
General Revenue	\$ 31.1	\$ 31.8	\$ 31.7	\$ 31.7	\$ 31.9	\$ 32.9
Federal Funds	80.1	88.2	86.3	86.3	92.2	92.2
Total Cash Assistance	\$ 111.3	\$ 120.0	\$ 118.0	\$ 117.9	\$ 124.2	\$ 125.2

\$ in millions

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

Work participation rates are the percent of qualified parents that are participating in work, work-like activities or the individualized employment plan. Almost all individuals receiving Rhode Island Works are required to immediately enter into individualized employment plans, which can include job search and readiness, vocational or adult education, on-the-job training and subsidized employment. The Department has not met its 90 percent two-parent work participation rate, which requires one parent to engage in work activities for 35 hours a week, because families who are in non-compliance with their work plan remain on the active caseload. The rules and regulations call for individuals and families to be sanctioned and have benefits reduced or eliminated when they are not in compliance with the individual employment plan, miss appointments, or refuse or quit employment.

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

Rhode Island Works. The November Caseload Estimating Conference estimate includes program expenditures of \$24.8 million entirely from federal funds. The estimate decreased the monthly caseload by 325 cases to a level of 9,700 and the monthly cost per person increases by \$2.64 to \$195.64. The estimated program expenditures are \$0.4 million less than the enacted budget, reflecting increases in both the number of persons and the cost per person, as well as \$0.1 million more for transportation expenses and minor adjustments for clothing and other supportive services. The Department requests the enacted funding for the program and does not reflect the estimate adopted at the November caseload conference.

The program limits cash assistance payments to a total of 48 cumulative months and includes a maximum of 24 months (consecutive or not) in any 60-month period. Individuals who have exhausted the limit may receive assistance through the hardship extension program for various extenuating circumstances, such as domestic violence. *The Governor recommends funding consistent with the conference estimate. She also includes legislation to eliminate the maximum of 24 months in any 60-month period. The legislation retains the lifetime maximum of 48 accumulative monthly payments.*

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of \$78.1 million, of which \$10.7 million is from general revenues. This is \$4.5 million more than enacted entirely from federal funds. The estimate increases child care subsidies by 217 for a monthly level of 9,517 and increases the annual cost by \$293 to \$8,205 for FY 2020. The Department requests \$1.2 million more than enacted and does not reflect the estimate adopted at the November caseload conference.

The estimate assumes continued program growth compared to the revised estimate and the impact of the new federal requirements, which began in October 1, 2018. These new requirements include such changes as a 12-month recertification period; at least three months of continued eligibility for families who lose their jobs; and expanded outreach to homeless families.

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

The 2018 Assembly enacted legislation to increase rates paid for subsidized infant, toddler, and pre-school age child care from an average of the 2002 and 2004 market rate surveys to a tiered reimbursement system based on the state's quality rating system. The rate change applies to licensed child care centers only; family care providers received separate rate increases. Child care centers will be reimbursed based on the rating the provider has achieved in the state's quality rating system. Those providers with higher rankings will receive additional funding compared to those in the lower tiers. *The Governor recommends \$1.0 million more than the conference estimate from general revenues, reflecting three separate proposals described below. The Governor also includes legislation to change the state's liquid asset limitation for childcare eligibility from \$10,000 to \$1.0 million, consistent with a 2014 federal statute change. It should be noted, the Department changed its rules and regulations to reflect the new limitation prior to the Governor's budget submission.*

Program Expansion. In her FY 2019 budget, the Governor proposed a pilot program to provide assistance to those adults studying at one of the state's public institutions of higher education. Funding would have been limited to the \$200,000 included in the recommended budget. The Assembly did not authorize the initiative.

The Governor includes legislation in Article 15 of 2019-H 5151 to provide child care assistance for individuals enrolled full-time in a degree program or in an eligible certificate program at an accredited post-secondary institution. Those enrolled less than full-time if completed in combination with other employment related activities approved by the Department may also qualify for assistance. Unlike the prior proposal, the program is not limited to those enrolled in the state's public institutions. The recommendation includes \$200,000 from general revenues, but it would be an entitlement not limited to the appropriation.

Rates for Family-based Providers. In April 2018, the state entered into a contract with SEIU 1199, the union representing family child care providers. The contract includes a 2.5 percent rate increase, retroactive to January 1, 2018, as well as additional rate increases effective January 1, 2019 and January 1, 2020. It also provides that tiered rates of reimbursement connected to the state's quality rating system could be implemented upon the consent of the Department and the union. Under the agreement, these rates would be implemented for infants and toddlers beginning July 1, 2019. The agreement also allows for tiered reimbursement for other age groups if both the Department and the union agree, though it is not a requirement. *The Governor includes legislation in Article 15 to establish a system of tiered reimbursement for family-based child care providers for infant, toddler, and preschool aged children. The recommendation includes \$150,000 from general revenues for this change; however, that level of funding is only sufficient to cover infant and toddler rate increases, additional funding would be required to support tiered reimbursement for preschool aged children.*

Rates for Center-Based Providers. The 2018 Assembly enacted legislation to increase rates paid for subsidized infant, toddler, and preschool age child care from an average of the 2002 and 2004 market rate surveys to a tiered reimbursement system based on the state's quality rating system. Those providers with higher rankings will receive additional funding compared to those in the lower tiers. The rate change applies to licensed child care centers only; as noted above, family care providers received separate rate increases consistent with recent union negotiations. *The Governor includes legislation in Article 10 to increase rates paid to center-based child care providers for preschool aged children. The recommendation includes \$0.7 million for this change, as well as \$37,185 in the Department of Children, Youth and Families' budget.*

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes FY 2020 direct supplemental security income expenditures of \$20.2 million from general revenues, or \$0.9 million more than enacted. The caseload decreases by 117 persons to a monthly level of 34,883. Estimators increased the monthly cost per person by \$0.50 to \$48. The estimate also includes transaction fees of \$77,000, or \$5,000 more than enacted. The Department requests the enacted funding for the program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommends funding consistent with the conference estimate. She also includes legislation in Article 16 of 2019-H 5151 to expand the availability of this 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. Currently, the state is making this payment without authority to do so.*

Non-Medicaid Assisted Living State Supplemental Payment. Consistent with the enacted budget, the Department requests \$0.4 million from general revenues for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state-licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommends funding as requested.*

Supplemental Security Income Transition/Bridge Program. The November Caseload Estimating Conference estimates expenditures for the supplemental security income transition/bridge program at \$1.0 million, entirely from general revenues. The estimate includes \$0.4 million for cash payments and \$0.6 million for burials. The estimate assumes 210 monthly persons, or 60 fewer than the enacted budget, and increases the monthly cost per person by \$27 to \$164. The estimate is \$0.1 million less than enacted. The

Department requests \$1.1 million from general revenues, which is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program.

In its constrained budget, the Department proposes a savings of \$50,000 from instituting an eligibility review process. The eligibility process will be reviewed to identify clients that are deemed eligible by the state program but have been denied by the federal Social Security Administration. It will also review reimbursements when individuals are deemed eligible by the federal administration. *The Governor recommends funding consistent with the conference estimate.*

Hardship Payments. Consistent with the enacted budget, the Department requests \$90,000 from general revenues for hardship contingency payments, which provide temporary support to individuals who do not qualify for the supplemental security income or Rhode Island Works programs. Payments from the program have been declining annually; in FY 2018, the Department spent \$53,400 meanwhile it spent \$151,675 for FY 2013. It has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommends funding as requested.*

Other Programs

Rhode Island Works Pilot. Consistent with the enacted budget, the Department requests \$0.8 million from federal Temporary Assistance for Needy Families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. The request appears to be overstated as the Department underspent its appropriation in each FY 2016, FY 2017, and FY 2018. The request is also \$0.1 million more from federal funds than the revised request, which reduces expenditures based on the FY 2018 experience. *The Governor recommends funding as requested. The budget does not assume any impact to the caseload or cost of this program which appears to be an oversight.*

Child Care Quality Programs. The Department requests \$2.8 million from federal child care development block grant funds for programs to ensure quality child care, also referred to as earmarks, which is \$4,200 more than enacted. Federal regulations require the use of at least 8.0 percent from the total of block grant and state matching funds be used for quality improvement for FY 2019 and 9.0 percent for FY 2020. Quality activities may include training, grants and loans to providers, and health and safety improvements. Funding can also be used for specific purposes, such as improving quality of care for infants and toddlers and improving child care resources and referral services. *The Governor recommends funding as requested.*

Eligibility Administration. The Department requests \$52.4 million from all sources, including \$17.3 million from general revenues for staffing and operating expenses related to the eligibility administration of assistance programs, including cash assistance, health determination services, and the supplemental nutrition assistance program. The request is \$0.4 million more than enacted and includes a shift of \$1.0 million of expenditures from general revenues to federal funds.

Staff time is typically allocated to specific programs based on the amount of time spent on each; however, the request includes reductions in these program areas, which are offset by increased expenses for the Unified Health Infrastructure Project. Funding for portions of 322 eligibility staff and operating costs are shifted to the Project in order to receive an enhanced Medicaid match rate for staff, as well as to anticipated restricted receipts to be collected from a Deloitte credit. The enhanced Medicaid match rate is 75.0 percent, or 25.0 percent more than the regular match rate of 50.0 percent. Through the end of 2018, no funds have been collected from the credit and negotiations are ongoing.

The following table shows expenditures for the Unified Health Infrastructure Project and program eligibility administration included in the enacted budget, as well as the Department's revised request and Governor's revised budget recommendation.

<i>Staff & Other Expenses</i>	General Revenues			All Sources		
	Eligibility			Eligibility		
	UHIP	Admin.	Total	UHIP	Admin.	Total
Enacted	\$ 1.8	\$ 18.3	\$ 20.1	\$ 15.4	\$ 52.0	\$ 67.4
Request	4.0	17.3	21.3	27.8	52.4	80.2
Governor Rec.	(0.7)	23.8	23.1	22.8	58.7	81.5
Gov. Chg. To Enacted	\$ (2.5)	\$ 5.5	\$ 3.0	\$ 7.4	\$ 6.7	\$ 14.1

\$ in millions

The Governor recommends \$6.7 million more than enacted, including \$5.5 million more from general revenues. This includes \$7.0 million of expenses offset by \$0.3 million of savings from a proposal to relocate a field office, discussed separately. The recommendation does not shift the \$1.0 million of general revenues to federal funds as requested. It also includes \$5.4 million more than enacted for staffing, including \$4.4 million from general revenues for staffing, which is offset by reductions in the Unified Health Infrastructure Program, noted earlier.

Providence Field Office. As part of its constrained request, the Department proposes savings of \$600,000 from all sources, including \$300,000 from general revenues, from procuring a new lease for its Providence field office. The lease for its current location at 206 Elmwood Avenue will end on June 30, 2019 and the Department anticipates savings could be achieved from procuring a new lease at a different location in the city. In order to identify a new location, it will need to submit a request for proposals and review responses.

The Department proposes to terminate its current lease on December 31, 2019. The annual cost for the lease is \$2,175,000. According to the budget submission, the Department must notify the landlord by January 1, 2019 to close the office by December 31. Some employees would move into an office building yet to be identified. For staff that works with participants, it would rent two Providence field offices (one large and one medium office) with ample parking. The savings would be generated in lease costs. The Department would have needed to complete a request for proposals by September 30, 2018 and have a new vendor in place by November 30, 2019 to have new space for this office in time for the current lease termination on December 31.

The Department subsequently reported that the gross lease savings is approximately \$755,000 for 12 months including \$120,000 liquidated damages for the same period and miscellaneous information technology and moving costs at \$50,000 for total net savings of \$585,000. The current Providence field office is \$29 per square foot and costs \$2,175,000 annually. The cost to rent two facilities and an administrative office is \$650,000 for the two field offices and \$770,000 for an administrative office for a total cost of \$1,370,000 for all new office space. The field offices are 32,500 square feet at \$20 per square foot and the administrative offices are 35,000 square feet at \$23 per square foot. The net gross savings would be \$585,000. The total general revenue savings is estimated to be \$263,250. *The Governor accepts the proposal and includes savings of \$0.3 million reflecting six months of savings, half of which is from general revenues. It should be noted that the landlord has been notified and a request for proposals is in development.*

Supplemental Nutrition Assistance Program - Benefits. The Department requests \$265.1 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program in FY 2020. This is \$17.0 million less than enacted to reflect anticipated program participation and FY 2018 expenditures. *The Governor recommends funding as requested.*

Child Support Enforcement Program. The Department requests \$8.5 million from all sources for expenditures related to child support enforcement. This includes \$1.8 million from general revenues and \$6.8 million from federal funds. The request is \$1.2 million less than enacted, including \$0.1 million less from general revenues. Consistent with the Governor's FY 2019 recommended budget, the enacted budget shifted \$1.0 million from general revenue operating expenditures to 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 reports that it will not pursue the initiative nor achieve the enacted savings and removes associated federal funds, but does not restore general revenues. Therefore, both the FY 2020 and FY 2019 revised requests do not properly reflect the impact of this change and are understated by \$1.0 million from general revenues and \$2.0 million from all sources of funds; however, restoring general revenues will result in additional available federal funds based on the federal match rate. *The Governor recommends \$1.0 million more than requested from general revenues to restore funding from the savings initiative that will not be achieved. The recommendation also includes general revenue savings of \$15,417 from statewide benefit adjustments and \$10,097 from three statewide proposals to reduce operating costs.*

LIHEAP and Weatherization Assistance Programs. The Department requests \$31.9 million from federal sources for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs, which is \$2.6 million more than enacted and based on anticipated awards and available carry forward. The request includes \$30.8 million for home energy and weatherization projects, \$0.8 million for salary and benefit expenses, and \$0.1 million for operating expenses.

The low income home energy assistance program provides funds to assist Rhode Island's low income households meet the increasing costs of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and grants range from \$300 to \$450 monthly depending on income level. The weatherization assistance program provides cost effective, energy efficient weatherization improvements. It also provides low income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. *The Governor recommends funding as requested.*

Paratransit Services for the Elderly. The Department requests \$8.1 million from all sources for elderly transportation services, including \$3.0 million from general revenues, \$0.8 million from federal funds and the enacted level of \$4.4 million from gas tax proceeds. The request is \$2.0 million more than enacted, including \$1.9 million more from general revenues and \$0.2 million more from federal sources, reflecting program participation and a new transportation contract. The Executive Office of Health and Human Services entered into a new contract with Medical Transportation Management, Inc., which increased the rate paid for elderly transportation. The transportation contract was reprocured for FY 2019 as a savings initiative in the Executive Office's enacted budget. *The Governor recommends \$0.3 million less than requested including general revenue savings of \$0.1 million from a proposal to reduce operating costs. It is not clear how savings would be derived from the program as the contract was recently procured.*

Head Start. The Department requests \$1.4 million from all sources of funds to support local Head Start providers, essentially consistent with the enacted budget. Head Start is a federally funded program that provides services to approximately 2,500 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the participating providers and the state provides additional funding. *The Governor recommends funding as requested.*

Community Services Block Grant. The Department requests \$4.6 million from federal funds for expenses related to the Community Services Block Grant, including salaries and benefits. The request is \$0.6 million more than enacted based on anticipated carry forward. It includes \$4.5 million for direct grants awarded to

the state's nine community action agencies and \$0.1 million for staffing expenses and all other operating expenditures. *The Governor recommends funding as requested.*

Family and Adult Services. The Department requests \$1.4 million, \$1.1 million less than enacted, for social service support through the federally funded Social Services Block Grant. The request includes \$0.5 million for staffing, \$1.4 million less than enacted, reflecting a shift of personnel expenditures to other program areas. It also includes \$0.7 million of grant awards for community organizations, \$0.4 million more than enacted.

The family and adult services program publishes a request for proposals every three years for community organizations for grant funding; recipients are required to submit an annual report to the Department to receive funding the following year. Funding in FY 2018 supported Compromise Community Action Program, Open Doors, Rhode Island Coalition Against Domestic Violence, and United Way of Rhode Island. *The Governor recommends funding as requested.*

Rhode Island Alliance of Boys and Girls Clubs. The Department requests 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. *The Governor recommends funding as requested.*

Day One. The Department requests the enacted level of \$217,000 from general revenues for outreach programs and supportive services programs at Day One. *The Governor recommends funding as requested.*

Institute for the Practice and Study of Non-Violence. The Department requests the enacted level of \$200,000 from general revenues to support the Institute's Violence Reduction Strategy program. *The Governor recommends funding as requested.*

Rhode Island Community Food Bank. The Department requests the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank. *The Governor recommends funding as requested.*

Community Action Agencies. The Department's request inadvertently excluded the enacted level of \$520,000 to support services provided by the state's nine community action agencies. *The Governor restores the funding consistent with the enacted budget.*

Crossroads. The Department requests the enacted level of \$500,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues. Crossroads Rhode Island is the largest homeless services organization in the state that provides 24-hour assistance, seven days a week. *The Governor recommends funding as requested.*

Domestic Violence Prevention Activities. The Department requests \$1.1 million for domestic violence prevention activities, including \$0.8 million from federal family violence prevention funding and \$0.3 million from general revenues. Funding is contracted through the RI Coalition Against Domestic Violence and distributed to domestic violence shelters in the state. General revenue funding of \$300,000 is used for the Domestic Violence Prevention Fund established in state statute. *The Governor recommends funding as requested.*

Vocational Rehabilitation Services. The Department requests \$22.3 million from all sources for staffing and operational expenses to provide vocational rehabilitation services, including \$4.1 million from general revenues and \$18.2 million from federal funds. The request is \$0.1 million less than enacted, including \$0.1 million more from general revenues offset by \$0.2 million less from federal funds. This primarily reflects reductions to contracted information technology and other temporary services, as well as additional funding for rehabilitation service providers. Funding for staffing is essentially consistent with the enacted

budget.

In FY 2018, the Department spent \$16.4 million, including \$5.2 million from general revenues and \$11.3 million from federal funds. It overspent its general revenue appropriation because of an unexpected surge in clients. It has since instituted a waitlist for services; across all services provided by the Office of Rehabilitation Services, the waitlist for new applicants is approximately 700 people, which includes individuals with disabilities who would like to work and members of the Consent Decree population.

The Office of Rehabilitation Services is charged with empowering Rhode Islanders with disabilities who voluntarily wish to obtain and maintain employment, economic self-sufficiency, independence and full integration into society. The Office provides resources and services to residents with disabilities through three program areas: vocation rehabilitation services, services for the blind and visually impaired, and disability determination services. *The Governor recommends \$17,045 less than requested from general revenues, including \$16,181 from statewide benefit adjustments and \$1,069 from two separate proposals to reduce operating costs. It should be noted that the recommendation does not adjust benefits for staff supported from federal funds.*

Medicaid Rehabilitative Services. The Department requests \$0.9 million for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the global Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed at helping an individual maintain independence. The request includes \$0.3 million for personal care attendants, \$0.3 million for social services for the blind and \$0.2 million for home modification services. The request is \$20,073 more than enacted from general revenues, reflecting the state's share of providing the services. *The Governor recommends funding as requested.*

Services for the Blind and Visually Impaired. The Department requests \$0.8 million from all sources of funds, including \$0.6 million from general revenues, for services to the blind and visually impaired. The request is \$0.4 million more than enacted, primarily from general revenues, in order to reflect FY 2018 expenditures; however, it is \$0.3 million less than its revised FY 2019 request as it excludes operating supplies and includes \$0.1 million less for grants. *The Governor recommends \$2,226 less than requested from general revenues, primarily from statewide benefit adjustments.*

Disability Determinations Services. The Department requests \$9.9 million from federal social security disability insurance funding to support the disability determination services unit within the Office of Rehabilitation Services. This unit is responsible for determining the medical eligibility of residents who have applied for cash benefits under the disability programs administered by the federal Social Security Administration, which are Social Security Disability Insurance and Supplementary Security Income. It is also responsible for collecting medical evidence of record and determining whether the claimant is disabled and/or blind as defined by the Social Security Act. The request is \$1.1 million less than enacted and \$0.1 million less than the revised request, reflecting anticipated expenditures, which are reimbursed by the federal agency. It should be noted the Department has historically overestimated anticipated expenditures for this program; however, the revised and FY 2020 requests more closely reflect FY 2018 actual spending. *The Governor recommends funding as requested.*

Refugee Assistance. The Department includes \$1.3 million from federal funds for refugee assistance programs, \$0.7 million less than enacted. The Department inadvertently increased grant expenses for personnel in the FY 2019 request based on its cost-allocation plan. The refugee services grant cannot support these personnel costs, which have been shifted throughout other program areas based on an updated cost-allocation plan. The request is \$0.6 million more than the revised request for rent expenses that have been shifted to this grant. *The Governor recommends funding as requested.*

Preschool Development Grant. In December 2018, the Department was awarded a \$4.2 million grant from the federal Administration for Children and Families Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. It is working with the Departments of Health, Elementary and Secondary Education, and Children, Youth and Families on this initiative and anticipates issuing a request for proposals in February.

Funding is available for calendar year 2019 and will be used to provide educational services and supports for children from birth through age five, as well as resources for families. Proposed uses for the funding are consistent with the Governor's third-grade reading initiative, the goal of which is that 75 percent of third-graders will be reading at grade level by 2025. *The Governor includes \$1.4 million for FY 2019 and \$2.8 million for FY 2020 from this one-time award.*

Child Care Licensing. Under current law, the Department of Children, Youth and Families is authorized and responsible for the licensing of child care providers. The purpose of licensing and certifying child care centers and family child care homes is to ensure the health, safety and well-being of children while cared for outside of their homes. *The Governor includes legislation in Article 4 of 2019-H 5151 to transfer responsibilities for the licensing of child care providers to the Department of Human Services in order to centralize transactions between child care providers and the state. She includes \$0.8 million, of which \$0.2 million is from general revenues, and authorization for 8.0 full-time equivalent positions in the Department's budget. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within that Department. There is also a related legal position in the Executive Office of Health and Human Services.*

Other Staffing. The Department requests \$2.3 million all sources for all other staffing expenses in the central management and individual and family support programs, \$0.3 million more than enacted and equivalent to approximately 2.7 more full-time equivalent positions. This includes \$1.0 million from general revenues, \$1.3 million from federal funds, and excludes funding from restricted receipts. The request includes \$0.3 million more than enacted from general revenues and \$0.1 million less from restricted receipts, reflecting a shift of expenses from restricted receipts to other sources and restoring turnover savings of approximately \$0.2 million. *The Governor recommends \$4,779 less than requested from general revenues from statewide benefit adjustments. It should be noted the recommendation does not include benefit adjustments for positions funded from non-general revenue sources.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the Department requests \$7.2 million for its share of centralized services, including \$4.8 million from general revenues. *The Governor recommends \$2.7 million less from all sources, including \$2.4 million less from general revenues, primarily reflecting the shift of costs associated with the Office of Veterans' Affairs to the Executive Office of Health and Human Services. Adjusted for this, the Governor recommends \$0.4 million more than enacted, including \$0.6 million more from general revenues based on billings through November, and \$0.2 million less from federal funds for facilities management based on billings through December.*

Other Programs and Operations. The Department requests \$4.9 million from all sources for all other operations including \$0.7 million from general revenues, \$3.6 million from federal funds, \$0.5 million from restricted receipts, and \$0.2 million from other sources. Of this, \$2.4 million is for employment, training, and nutrition education programs for individuals eligible for Supplemental Food and Nutrition Program benefits. The request is \$0.4 million less than enacted, including \$0.1 million less from general revenues,

\$0.4 million less from federal sources and \$41,785 more from restricted receipts. This includes \$0.3 million less for grants for client and education services and \$0.2 million less for contracted legal services, offset by \$60,000 more for maintenance expenses and \$11,000 more for mobile phones. *The Governor recommends \$0.1 million less than requested including general revenue savings of \$4,634 from a statewide initiative to reduce the cost of certain commodities.*

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

Office of Veterans' Affairs

The Office of Veterans' Affairs is comprised of three program areas, each serving Rhode Island's veterans and their families in different capacities. The Veterans' Home in Bristol serves approximately 200 veterans daily as a nursing home and provides supportive services for residents. The Veterans' Memorial Cemetery is located on 280 acres in Exeter, serving as the final resting place for the state's veterans and their eligible spouses or dependents. The Office's administration conducts and hosts educational events, and provides oversight to its other programs.

The Governor proposes legislation in Article 4 of 2019-H 5151 to transfer the Office of Veterans' Affairs to the Executive Office of Health and Human Services effective July 1, 2019. The budget reflects the transfer. In the Executive Office, she recommends total funding of \$40.3 million, including \$25.8 million from general revenues. Excluding centralized services noted earlier, the recommendation is \$32.1 million, including \$21.3 million from general revenues. She includes staffing of 252.1 full-time equivalent positions, 12.0 more positions than authorized.

Federal per Diem. The Veterans' Home is paid a per diem rate by the federal government to assist in the daily costs of care of the residents at the Home. This rate is increased annually on October 1 and the percent increase is tied to the increases in healthcare costs nationally. The FY 2020 request assumes federal reimbursement consistent with federal FY 2019 rates, for a total of \$10.2 million. The per diem reimbursement varies to include: \$445.36 for those with a service connected disability, \$109.73 for nursing homes and \$47.36 for those in the dormitory setting. *The recommendation assumes reimbursements consistent with federal FY 2019 rates.*

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

In FY 2018, the Office collected \$1.2 million from restricted receipts and is anticipated to collect a similar amount for FY 2019. However, it spent \$2.7 million from restricted receipts in FY 2018, \$1.5 million more than it collected, drawing on its account balance. The FY 2020 request includes a total of \$2.1 million from restricted receipts, \$0.8 million more than enacted and \$0.5 million less than the revised FY 2019 request. Based on FY 2018 collections, roughly half of the requested funding can be collected. The Department

subsequently reported that this amount was overstated but did not provide information on how expenditures would be affected. While sufficient funding is available for FY 2019, operating costs out pace income and may require supplemental general revenues in future years. *The Governor's recommendation includes \$1.0 million of restricted receipts, which is \$0.3 million less than in the enacted budget and consistent with the revised recommendation.*

Capital Projects. The Office requests \$0.1 million from federal funds for capital projects at the Rhode Island Veterans' Memorial Cemetery. The request is \$0.3 million less than enacted, reflecting completion of projects. This is not consistent with the capital request, which includes \$152,000 from restricted receipts for cemetery projects. *The Governor recommends \$3.0 million more than requested from federal funds and inadvertently excludes restricted receipts for cemetery projects. It should be noted the recommended capital budget includes these funds. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Veterans' Home Personnel. The Office requests \$27.4 million from all sources for personnel expenses at the Veterans' Home, including Office staff and pooled nurses. This includes \$17.1 million from general revenues, \$9.4 million from federal funds, and \$0.8 million from restricted receipts. The request is \$2.3 million more than enacted, \$1.6 million of which reflects increased costs for the nursing pool. The request reflects funding for 219.7 full-time equivalent positions, 3.4 less than enacted. *The Governor recommends \$0.9 million more than enacted from all sources, including \$0.8 million from general revenues. The recommendation includes additional funding for overtime costs and nursing pool expenses based on actual FY 2018 expenditures. However, supporting documents submitted with the budget indicate that the Executive Office of Health and Human Services will conduct an operational review of the Home to ensure that operating costs align with resources; the recommendation assumes the review will result in \$1.2 million less for overtime than included for FY 2019. Consistent with the revised recommendation, she includes authorization for 12.0 new full-time equivalent positions, converting seasonal staff into permanent positions.*

Veterans' Home Operations. The Office requests \$6.8 million for all other operations at the Veterans' Home in Bristol, which is \$35,404 less than enacted. The request includes \$4.7 million from general revenues, \$0.8 million from federal funds, and \$1.3 million from restricted receipts. The request is \$35,404 less than enacted from all sources, including \$0.2 million less from general revenues, \$0.3 million less from federal funds, and \$0.5 million more from restricted receipts. The request includes \$0.2 million less for non-medical contracted services, such as information technology and janitorial services, offset by additional funds for medical services and mobile phone expenses. *The Governor recommends \$0.5 million more than enacted, including \$0.1 million more from general revenues. The recommendation includes additional funding for contracted services and operating costs based on actual FY 2018 spending. However, this is \$1.2 million less than the revised recommendation, including \$0.8 million less from general revenues. Supporting documents submitted with the budget indicate that the Executive Office of Health and Human Services will conduct an operational review of the Home to ensure that operating costs align with resources; the recommendation assumes the review will reduce contracted medical and janitorial spending by 15.4 percent and 42.9 percent, respectively.*

Grants. Consistent with the enacted budget, the Office requests \$200,000 from general revenues for grants to organizations that provide services to veterans. *The Governor recommends \$400,000 for these grants, a \$200,000 increase.*

Other Operations. The Office requests \$2.0 million for all other expenses from general revenues, which is \$0.3 million more than the enacted budget. The request includes \$1.8 million for the remaining 18.0 full-time equivalent positions that staff the Office and Veterans' Cemetery, \$0.3 million more than enacted for personnel costs. The request includes total funding of \$1.8 million, which would fully fund all 18.0 full-time equivalent positions. *The Governor recommends \$0.1 million more than requested from all sources,*

including \$0.2 million for the RI Serves case management software that connects veterans applying for assistance with community providers, previously supported by Information Technology Investment funds, offset by other operating reductions of which \$17,995 is from two separate statewide initiatives to reduce operating costs.

Division of Elderly Affairs

The Division of Elderly Affairs is the designated state agency on aging. It is responsible for the development and implementation of a comprehensive, coordinated system of community-based care for Rhode Islanders sixty years of age and older, as well as adults with disabilities. The Division is tasked with developing and implementing a state plan on aging under the federal Older Americans Act and serves as the state's planning and service area on aging under this Act. It operates services designed to assist seniors remain independent in the community and administers and funds a wide range of community programs, activities, and services.

The Governor proposes legislation in Article 4 of 2019-H 5151 to transfer the Division of Elderly Affairs and establish it as the Office of Elder Affairs within the Executive Office of Health and Human Services, effective July 1, 2019. The budget reflects the transfer. In the Executive Office, she recommends total funding of \$22.1 million, including \$8.4 million from general revenues. Excluding centralized services, this is \$21.2 million, \$7.7 million from general revenues. She includes staffing of 31.0 full-time equivalent positions, consistent with the authorized level.

Integrated Care Initiative Grant. The Division was awarded a \$428,766 federal grant to be spent from FY 2017 through FY 2019 to support the state health insurance assistance program and to provide options counseling for individuals who are eligible for Medicare and Medicaid, also called "dual eligible." This grant is available to states that have an integrated care initiative agreement with the federal government; for Rhode Island that is the Rhody Health Options program operated through the Executive Office of Health and Human Services. The Division has programmed \$0.2 million for FY 2019 in its revised request and available carry-forward in its FY 2020 request. *The Governor recommends funding as requested.*

Pharmaceutical Assistance to the Elderly. The Division requests \$33,000 from restricted receipts, \$30,491 more than enacted, for the pharmaceutical assistance to the elderly program. The Department reports that both the FY 2020 and FY 2019 revised requests are based on FY 2017 actual spending. The request appears to be overstated as the program spent \$8,306 in FY 2018 and the Department has previously reported that the program continues to experience declining participation and utilization due to the Affordable Care Act and Medicaid Part D. *The Governor recommends funding as requested.*

Home and Community Care Services. The Division requests \$6.5 million from all sources, including \$3.2 million from general revenues for home care and adult day care services. These programs serve low-income elders who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, and adult day activities. Eligible individuals must be Rhode Island residents, age 65 or older, not eligible for Medicaid, unable to leave home without considerable assistance, and need help with the tasks of daily living.

For those who meet the guidelines, services are provided at a reduced rate. Co-payment amounts are based on the recipient's income level for each program. Level 1 covers those earning less than 125 percent of federal poverty or less than \$15,175 for individuals and \$20,575 for couples per year. Level 2 covers individuals and couples earning less than 200 percent of federal poverty or less than \$24,280 and \$32,920 per year. The state leverages Medicaid funding for these services through the costs not otherwise matchable provision (CNOM). The request is \$0.2 million more than enacted from general revenues to reflect the state's share of expenses; however, based on an anticipated match rate of 47.14 percent, the request may be overstated.

On October 1, 2018, the Executive Office of Health and Human Services increased adult day care rates in its medical assistance program through a Medicaid state plan amendment. The amendment states that the rate increase would not apply to adult day services provided through the Division. It should be noted that depending on how an individual is eligible for services, reimbursements are made either by the Division or the Executive Office. Prior to the October 1 change, the same rates were paid by both programs. The Executive Office has indicated that it will request an amendment to raise the Division's rates; however, this increase is not funded in the enacted budget.

The Governor recommends \$1.1 million more than requested, including \$0.4 million more from general revenues. The recommendation shifts \$0.1 million from general revenues to federal funds based on the match rate and adds \$1.2 million, \$0.6 million from general revenues, for a proposal to increase the threshold of income eligibility for adult day and home care services from 200 percent of the poverty level to 250 percent. This is an income of \$30,350 for an individual and \$41,150 for a couple. This change is included in Article 18 of 2019-H 5151.

Senior Services Support. The Division requests the enacted level of \$800,000 from general revenues to support the state's senior centers. *The Governor recommends funding as requested.*

Meals on Wheels/Elderly Nutrition Services. The Division requests \$1.4 million from all sources of funds to support Meals on Wheels and elderly nutrition services, consistent with enacted funding. This includes the enacted amount of \$0.6 million from general revenues, as well as \$0.8 million from federal Title III funding. *The Governor recommends funding as requested.*

Respite Care. The Division requests the enacted level of \$140,000 for the Diocese of Providence to support the respite care program. *The Governor recommends funding as requested.*

Elderly Housing Security. The Division requests the enacted level of \$85,000 from general revenues to implement security measures in elderly housing complexes. Responsibility for the program is contained in Rhode Island General Law, Section 42-66.1-3 and the Division annually issues a Request for Proposals to award the funds, which support new lighting, doors and alarms. The funds can be used for a variety of purposes to make elders feel safe in their homes. *The Governor recommends funding as requested.*

Long Term Care Ombudsman. The Division requests the enacted amount of \$0.2 from all sources for the Long Term Care Ombudsman. The request includes \$0.1 million each from general revenues and federal Title VII funds. The Long Term Care Ombudsman is Alliance for Better Long Term Care and advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services; it fills the state's responsibility contained in Rhode Island General Law, Chapter 42-66.7. The ombudsman program identifies, investigates, and resolves complaints raised by the aforementioned parties. *The Governor recommends funding as requested.*

Volunteer Guardianship Program. The Division requests \$44,250 from general revenues to support the volunteer program which provides guardianship services to low-income, older, at-risk persons residing throughout the state who have been identified by a referral source as being in need of this advocacy service; guardianships under this program do not involve decision-making regarding the property or finances of the person. Services are provided through contracts with temporary legal staff. The request is \$3,494 more than enacted to reflect actual FY 2018 expenditures. *The Governor recommends \$2,181 less than requested from two separate statewide savings initiatives to reduce operating costs.*

Ageing and Disabilities Resource Center. The 2018 Assembly enacted legislation establishing the Ageing and Disability Resource Center within the Division of Elderly Affairs. The Center would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The Center would also streamline access to long-term supports and services for the elderly, persons

with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services.

The enacted budget did not include funding for the Center as the Executive Office of Health and Human Services explored funding mechanisms; it did not include funding in its request. *Consistent with the revised recommendation, the Governor includes \$0.2 million from federal Money Follows the Person funds in the Executive Office's budget for a website.*

Other Grants. The Division requests \$6.7 million from all sources for assistance and grants provided to local organizations providing health, nutrition, companion, and other supportive services to the state's elderly. The request is \$13,156 more than enacted for the state's share of case management expenses for in-home services; however, based on an anticipated match rate of 47.14 percent, the request appears to be overstated. *The Governor recommends funding as requested, but shifts \$11,307 for case management expenses from general revenues to federal funds.*

Other Operations. The Division requests \$4.0 million from all sources for other grant and operating expenditures within the Division, including \$1.7 million from general revenues, \$2.1 million from federal funds and \$0.1 million from restricted receipts for indirect costs collected on federal grants. The request is \$0.1 million less than enacted, including \$13,886 less from general revenues, \$88,179 less from federal sources, and \$12,690 less from restricted receipts. It includes \$0.2 million of turnover savings, equivalent to 1.9 full-time equivalent positions. The request also includes \$20,000 more for contracted information technology services. *The Governor recommends \$0.1 million less than requested, including \$25,714 less from general revenues of which \$10,060 is from statewide benefit adjustments and \$15,654 is from two separate statewide proposals to reduce operating costs.*

Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Program							
Central Management	\$ 2,709,660	\$	4,136,097	\$	4,502,754	\$	4,811,799
Services for the Dev. Disabled	271,714,489		273,106,380		293,145,898		280,894,596
Hosp. & Comm. System Support	2,914,415		2,125,501		1,784,243		2,265,323
Hospital & Comm. Rehab. Services	117,509,814		123,719,578		122,977,839		122,778,948
Behavioral Healthcare Services	27,603,577		39,033,645		36,774,903		37,720,030
Total	\$ 422,451,955	\$	442,121,201	\$	459,185,637	\$	448,470,696
Expenditures by Category							
Salaries and Benefits	\$ 121,086,553	\$	124,632,568	\$	127,398,688	\$	126,925,009
Contracted Services	2,825,719		6,599,800		5,474,425		7,262,622
Subtotal	\$ 123,912,272	\$	131,232,368	\$	132,873,113	\$	134,187,631
Other State Operations	27,987,184		26,060,814		26,313,645		25,971,178
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	267,125,339		283,134,847		294,181,756		286,744,764
Capital	3,427,160		1,693,172		5,817,123		1,567,123
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 422,451,955	\$	442,121,201	\$	459,185,637	\$	448,470,696
Sources of Funds							
General Revenue	\$ 188,091,966	\$	194,621,346	\$	199,858,026	\$	195,293,312
Federal Aid	226,187,567		240,819,991		248,039,264		245,939,037
Restricted Receipts	5,072,422		5,614,502		5,888,347		6,088,347
Other	3,100,000		1,065,362		5,400,000		1,150,000
Total	\$ 422,451,955	\$	442,121,201	\$	459,185,637	\$	448,470,696
FTE Authorization	1,302.4		1,304.4		1,304.4		1,305.4

Summary. The Department requests \$459.2 million from all sources including \$199.9 million from general revenues, \$248.0 million from federal funds, \$5.9 million from restricted receipts, and \$5.4 million from Rhode Island Capital Plan funds in its FY 2020 request. The request is \$36.7 million more than the FY 2019 enacted budget and includes \$11.8 million more from general revenues, \$21.9 million more from federal funds, \$0.8 million more from restricted receipts and \$2.3 million more than enacted from Rhode Island Capital Plan funds.

The request includes staffing authorization for 1,304.4 positions; this is 2.0 more than the current authorized level and transfers 2.0 positions from the Department of Human Services.

The Governor recommends \$448.5 million from all sources, including \$195.3 million from general revenues. The recommendation is \$26.0 million more than enacted from all sources, which is \$10.7 million less than requested. General revenues would be \$7.2 million more than enacted, \$4.5 million less than requested. The Governor recommends of 1,305.4 full-time equivalent positions, one more than requested.

Target Issues. The Budget Office provided the Department with a general revenue target of \$184.6 million. The amount includes current service adjustments of \$5.7 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$9.1 million.

FY 2020 Budget	Budget Office	Dept .of BHDDH	Difference
FY 2019 Enacted	\$ 188,091,966	\$ 188,091,966	\$ -
Current Service Adjustments	5,687,383	11,766,060	6,078,677
Change to FY 2019 Enacted	\$ 5,687,383	\$ 11,766,060	\$ 6,078,677
FY 2020 Current Service/Unconstrained Request	\$ 193,779,349	\$ 199,858,026	\$ 6,078,677
Target Reduction/Initiatives	(9,135,968)	(3,527,795)	5,608,173
FY 2020 Constrained Target/Request	\$ 184,643,381	\$ 196,330,231	\$ 11,686,850
<i>Change to FY 2019 Enacted</i>	\$ (3,448,585)	\$ 8,238,265	\$ 11,686,850

The constrained budget submitted by the Department is \$11.7 million more than the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$10.6 million above the target.*

Departmentwide

Capital Projects. The Department requests \$5.4 million from Rhode Island Capital Plan funds for various projects, \$2.3 million more than enacted and is not consistent with its capital request that increased the total to \$5.5 million. *The Governor recommends \$4.3 million less than requested for five projects and transfers funding and oversight for eight other projects to the Department of Administration's Division of Capital Asset Management and Maintenance; these projects are discussed in detail in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's request is \$13.2 million, including \$6.7 million from general revenues for centralized services for FY 2020. This is \$0.3 million less than enacted including \$0.4 million less from general revenues and \$0.1 million more from federal funds. The Office of Management and Budget instructed agencies to request the enacted level.

The Governor recommends \$15,234 less than requested from all funds, including \$0.7 million more from general revenues. This is based on billings through November and December, as well as the renewal cost increase for Microsoft Office 365, which is \$1.8 million more than FY 2018 expenditures.

Cost Allocation Plan. The Department, in coordination with the Executive Office of Health and Human Services, entered into a cost allocation plan to spread staffing costs across administrative services and funding sources. This excludes the two 24-hour facilities, the state-run Rhode Island Community Living and Assistance program for adults with developmental disabilities and Eleanor Slater Hospital. The agreement, which as of December 2018 has not been federally approved, was estimated to add \$2.0 million for Medicaid administrative expenses to current costs. The FY 2020 request adds \$4.3 million, including \$2.0 million from general revenues, in the administrative divisions.

It should be noted that entering into a cost allocation plan that leverages federal Medicaid funds should have resulted in general revenue savings, but this did not happen. Instead, the Department leverages Medicaid for its licensing units and uses the resulting general revenue savings for other staffing needs. *The*

Governor's recommendation assumes expenses as requested through this new cost allocation plan adjusted for statewide benefit savings.

Division of Developmental Disabilities

Developmental Disabilities Programs. The state provides residential, day programming, family supports or medical services to support adults with developmental disabilities. As of November 2018, there are 4,469 individuals receiving services through either the state-run system or through community-based providers. This includes 3,817 individuals receiving direct residential/day programming and/or family supports and 652 receiving case management services only.

The Department's request includes \$291.5 million from all sources, \$135.4 million from general revenues to support adults with developmental disabilities, \$23.2 million more than enacted, including \$10.8 million more from general revenues.

The request funds the contract and activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor is paid from the Executive Office of Health and Human Services budget. Also included in the request is funding for the person centered supported employment performance program and additional benefit authorizations.

The state operates a Medicaid funded program for individuals who qualify for services through one of three programs. First, the Medicaid waiver includes residential and community-based services delivered through both the state-run and privately operated programs to individuals who meet the program's statutory requirements. The second program, for those who do not meet the statutory requirement, is the cost not otherwise matchable, or CNOM program, which is also allowed through the Medicaid waiver. The third Medicaid program is the rehabilitation option. Services through the second and third programs noted are only community-based and through private providers. There are also individuals who receive case management services only.

The following table breaks down division expenses for developmentally disabled adults who receive residential, community-based and home services through the state-run system and/or the privately operated system.

Developmental Disabilities Services							
Program/Component	Individuals*	FY 2020 Req.		FY 2020 Gov. Rec.		Gov. Rec. to Request	
		Gen. Rev.	All Funds	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Privately Operated System - Residential and Day	3,686	\$ 117.1	\$ 248	\$ 112.9	\$ 239.6	\$ (4.1)	\$ (8.8)
Rehab Option - Day Programs	??	0.2	0.4	0.2	0.4	-	-
Medicaid CNOM - Day Programs	5	0.1	0.2	0.04	0.1	(0.1)	(0.1)
RICLAS (state-run) - Residential	126	11.9	28.3	11.4	27.3	(0.5)	(1.0)
Case Management Only	652	<i>not separately available - included below</i>					
Other State Only Services & Administrative Expenses	-	6.2	11.5	5.5	10.9	(0.6)	(0.61)
Capital Projects	n/a	-	2.7	-	0.5	-	(2.2)
Total	4,469	\$ 135.4	\$ 291.5	\$ 130.1	\$ 278.8	\$ (5.3)	\$ (12.7)

**Enrollment as of November 2018; does not include the rehab option; \$ in millions*

The Governor recommends \$278.8 million, including \$130.1 million from general revenues, which is \$12.7 million less than requested, including \$5.3 million less from general revenues. The recommendation includes \$2.2 million less for capital projects and shifts funding and oversight to the Department of Administration's Division of Capital Asset Management and Maintenance.

The recommendation lowers requested spending for community based services by \$5.6 million, including \$2.2 million from general revenues. Supporting documentation notes that as part of the process that the Department and the Executive Office of Health and Human Services used to project current year expenses, an error was introduced that increased the historical data used. The historical data used included medical benefit expenses for this population that is paid through the Executive Office of Health and Human Services' Medicaid program. This increased the base spending for the services and inflated the cost of expenses. The Governor's recommendation adjusts for this and lowers current year spending to reflect corrected projections.

Program Eligibility. In Rhode Island, there are two pathways for a disabled individual (including those with a developmental disability) to receive Medicaid-funded long term care services: either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the Supplemental Security Income program and the Department's criteria for its long term care supports program or he or she is "medically needy."

To be considered "medically needy," an individual must meet the Department's criteria for its program and the federal disability definition but has income above the Supplemental Security Income threshold of \$735 a month. In this situation, the state allows the individual to pay a portion of the services monthly, referred to as cost of care, until he or she meets the medically needy monthly income limit of \$890 and then the state pays the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset. The payment of this cost of care is a necessary condition for Medicaid eligibility. The Department reports the same number monthly and notes that this is information that only the long term care unit at the Department of Human Services has access to.

Monthly Caseload Report. Rhode Island General Law, Section 40.1-22-39 requires that the Department submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, budget office and fiscal advisors by the 15th of each month. The report is to be submitted in any format required by the house and senate fiscal advisors. The 2016 Assembly expanded the information to be contained in the monthly report to include any reports that have been submitted to the federal court related to the consent decree along with the number of unduplicated individuals employed, the place of employment and the number of hours working. It must also report transitions to and from 24-hour residential placements, collection of patient liability, approvals and funding for services above the resource allocation levels.

The Department has submitted the documentation presented to the federal court but has indicated that it cannot report on the number of individuals employed, the place of employment or the number of hours working. The Department has submitted the April 2018 information presented to the federal court but has not provided any submission after that date.

For the collection of patient liability, the Department reports that there are currently 821 individuals with a cost of care payment requirement totaling \$0.2 million, which the Department is not collecting. The Department indicates that it is the responsibility of the Executive Office of Health and Human Services' long term care unit to report on whether or not the collections by the providers are being made and that it does not have access to the information even though it can include this in the monthly report.

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

Medical Benefits/Rhody Health Options. Individuals receiving residential and other community-based services receive medical benefits through the Executive Office of Health and Human Services. Individuals who are not eligible for Medicare are enrolled in Rhody Health Partners, the state's managed care plan for disabled individuals, as are individuals receiving services through the Medicaid expansion program. Those

who are eligible for both Medicare and Medicaid, referred to as “dual eligibles”, have the opportunity to enroll in Rhody Health Options, the state’s integrated care initiative to receive services through a managed care plan and potentially lowering medical costs for the more expensive dual eligible population. Those who opt not to enroll in managed care continue to receive direct medical benefits through a fee-for-service reimbursement system.

Of the approximately 3,800 program recipients who receive direct services, the November caseload estimate assumes that approximately 2,100 individuals are enrolled in the Rhody Health Options, another 1,000 in Rhody Health Partners and the remainder in fee-for service.

Department of Justice Consent Decree - Transition Activities. The enacted budget allocates \$1.5 million, including \$0.8 million from general revenues, to provide adequate resources so that agencies can transition to providing integrated services that comply with the consent decree. The 2018 Assembly also designated three positions within the existing staffing authorization be available exclusively for a quality improvement team to ensure that community-based agencies transition to providing services that comply with the consent decree. The Department’s request appears to meet those intentions.

The Department’s request includes \$0.5 million to contract for a system wide rate review, discussed separately. The remainder fully funds seven positions including: an administrator for community services to assist youth in transition, a program planner to monitor quality control, a health home administrator, two data clerks, a clerk, a policy writer and a community relations liaison officer. The request also partially funds an eligibility technician, policy writer and communications/media relations positions; the remaining costs are in central management and hospital and community support. These positions are shown elsewhere in the budget. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Monitor. The FY 2019 enacted budget includes \$300,000 for consent decree costs for the monitor, Charles Moseley, in the Executive Office of Health and Human Services’ budget. The Executive Office’s revised and FY 2020 requests add \$150,000 for total funding of \$450,000. *The Governor recommends the funding as requested.*

Department of Justice Consent Decree - Coordinator. The Department entered into a one-year contract on January 11, 2018 that ended January 14, 2019 totaling \$100,000 for a consent decree coordinator. The request includes \$50,000 from general revenues matched by Medicaid funds for an individual to be responsible for coordinating, and reporting to the Executive Office of Health and Human Services, the work done by the consent decree monitor and is consistent with the enacted budget. This is consistent with the enacted budget. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Conversion Institute. The Department includes \$500,000 from all sources, including \$150,000 from general revenues for the Workshop Conversion Trust Fund that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. This is an increase of \$50,000 to update projected activities. *The Governor recommends funding as requested.*

Privately Operated System. The Department requests \$260.5 million including \$123.5 million from general revenues for privately provided residential, day and family support programs provided through the state’s Medicaid global waiver. The FY 2020 request is \$7.5 million more than the revised request, \$24.3 million more than spent for FY 2018 and \$34.8 million more than spent for FY 2017.

The Department’s request is \$19.2 million more than enacted from all sources, including \$6.7 million more from general revenues. This includes \$15.0 million from all sources to restore unachieved savings, of which \$7.1 million is from general revenues, and the remainder funds projected services including the increased authorizations through the SIS-A assessments and caseload mix.

The request funds the contract and activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor is paid from the Executive Office of Health and Human Services' budget. Also included in the request is funding for the person centered supported employment performance program and additional service authorizations.

The Department proposes reducing costs in the privately operated program by \$3.2 million, including \$1.8 million from general revenues from reducing the availability of group home placements; however, it has not provided the plan for implementing this proposal.

The Governor recommends \$251.0 million, including \$118.7 million from general revenues which is \$5.5 million less than requested, including \$2.2 million less from general revenues. This is \$13.7 million more than enacted including \$4.6 million more from general revenues. She includes one savings proposal that reduces expenses by \$3.2 million, including \$1.5 million from general revenues, which is discussed separately.

Direct Care Worker Rate Increase. The 2018 Assembly provided \$6.2 million, \$3.0 million from general revenues, for a rate increase for direct support professionals. The wages paid to other workers, such as supervisors and support coordinators are built off the direct care workers rate. The 2016 Assembly included \$9.2 million from all sources, including \$4.5 million from general revenues from raising the payments for direct care workers and those working in integrated community-based activities that meet the requirements of the consent decree. *The Governor includes Article 17 for a rate increase for direct workers and adds \$6.2 million from all sources, including \$3.0 million from general revenue for the increase.*

Home Care Wage Increase. The 2018 Assembly increased rates for home care services through the Executive Office of Health and Human Services' Medicaid program and provided \$0.4 million, including \$0.2 million in the Department's budget which pays the same rate for those services. *The Governor's budget adds \$0.6 million, including \$0.3 million from general revenues, for the services.*

Service Rebalancing. The Department proposes reducing costs in the privately-operated program by \$3.2 million, including \$1.5 million from general revenues from reducing the availability of group home placements; however, it has not provided the plan to achieve the savings from this proposal. This is in addition to the assumption included in the enacted budget that \$2.5 million in savings will be achieved from a similar proposal. Repeated prior attempts to implement other such plans have fallen short.

The Governor's FY 2017 recommended budget assumed savings of \$2.3 million from moving 50 individuals in 24-hour privately operated group homes to shared living provider arrangements. She later requested an amendment to add back approximately 75 percent of the proposed savings because the Department reported that it could not meet the savings initiative.

The FY 2018 enacted budget assumed savings of \$1.8 million, including \$0.9 million from general revenues from lowering the census in the 24-group homes by 30 individuals; the census has been lowered so those savings have been achieved. Savings of \$2.5 million, of which \$1.2 million is from general revenues was included in the FY 2019 enacted budget and that funding has been restored in the revised and FY 2020 requests. *The Governor recommends this proposal and the savings as requested.*

Health Homes/Case Management. The FY 2019 enacted budget assumes \$6.5 million for case management services for adults with developmental disabilities. The Assembly included Article 13 of 2018-H 7200, Substitute A, as amended, for the Department to pursue an opportunity to leverage 90 percent federal funding through a health home initiative for conflict-free case management services. Under the new federal rules for conflict-free case management effective for FY 2020, the agency providing the services cannot also act as the case manager that helps determine the services to be provided. Rhode Island is

working toward separating case management services and direct services. Currently, a provider can do both of these activities.

Based on this enhanced funding opportunity, the budget includes general revenue savings of \$1.5 million starting January 1, 2019. As of January 1, 2019, the state has not submitted the necessary documents to the Centers for Medicare and Medicaid Services for this initiative and requests that the savings be restored in its revised budget and further inexplicably shifts federal funds expenses to general revenues by an additional \$1.5 million. The Executive Office of Health and Human Services reports that the formal submission will be made in June 2019 after a public hearing and informal discussions with the Centers for Medicare and Medicaid Services which will be in mid-April. *The Governor recommends \$2.5 million from general revenues to restore the \$1.5 million in savings and provide an additional \$1.0 million to match \$8.0 million in federal funds omitted from the request.*

Additional information from the Department shows that the budget for the health home initiative will be \$13.4 million, or \$6.9 million more than enacted, from all sources of funds. This includes \$3.2 million for new case management services and \$1.5 million for provider incentives with both activities matched at the 90 percent Medicaid rate.

It should be noted that not all of the case management services qualify for the higher match rate but since the rate is limited to eight quarters, or two years, any services provided at the higher rate will revert back the regular Medicaid rate starting in FY 2022. At this time, the program total of \$13.4 million, assuming continuation of all the programs and services, would require a \$6.7 million general revenue match. This is not accounted for in out-year estimates.

Rehab Option - Day Programs. The Department requests \$0.4 million from all sources, including \$0.2 million from general revenues for services provided through the Medicaid rehabilitation option. The Department eliminated this funding in its FY 2019 request because it was determined that services funded from these payments were part of the providers' standard service authorizations. The Department reports that the services are for individuals who are not eligible for the Medicaid waiver but still receive day programming services.

From FY 2010 through FY 2014, an average of \$1.2 million was spent annually. The Department spent \$0.9 million in FY 2015 and \$0.6 million each in FY 2016 and FY 2017. Expenses in these fiscal years paid for community-based services for individuals who were disabled but not approved for services through the Medicaid waiver. Beginning in FY 2015, a significant number of individuals applied and were approved for services through the Medicaid waiver so expenses shifted to another program. *The Governor recommends funding as requested.*

Medicaid CNOM - Day Programs. The Department requests \$214,351 from all sources, including \$101,302 from general revenues, for day programs through the Medicaid global waiver for services provided to five individuals who are not otherwise eligible for Medicaid. This is \$120,095 more than enacted, including \$55,607 more from general revenues.

The Department reports its request is consistent with both FY 2018 and FY 2019 projected spending, but those expenses include general revenue adjustments for prior year expenses that may not be Medicaid eligible. The Department has not determined if those payments are necessary, so the request inflates the cost of providing direct services. *The Governor includes the enacted level of funding adjusted for the Medicaid match rate.*

Administration and Other State Services. The Department requests \$9.5 million, including \$5.2 million from general revenues for administrative costs and other services for adults with developmental disabilities. This is \$1.6 million more than enacted from all funds, including \$1.1 million more from general revenues.

This includes staffing costs in the division for 70.0 full-time equivalent positions as well as state funded services that are not eligible for Medicaid reimbursement or being provided to an individual who is not eligible for Medicaid.

The increase for staffing expenses includes funding for 3.0 positions that the 2018 Assembly designated within the existing staffing authorization for quality assurance programs and 11.0 newly identified positions that are part of the consent decree transition activities requested. Both the staffing designation and transition funding were intended to directly assist community-based providers with compliance with the consent decree. It is unclear how the Department's request meets that standard. The request also assumes leaving 13.0 positions vacant and includes \$0.6 million more from general revenues for staffing that appears to be an error.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include parent subsidies which total \$0.2 million for other community-based services. *The Governor recommends \$0.6 million less than requested from general revenues to correct for an error in the request.*

Rhode Island Community Living and Supports Program (RICLAS). There are 26 state run group homes and apartments that provide overnight care, of which two are special needs facilities that have the capacity to provide residential services to 172 clients. As of November 2018, there are 126 clients in the state-run facilities. The Department has established a policy that clients would be admitted into the state-run system in emergency situations only.

Of that amount, approximately 60 attend day programs operated by private providers which include: AccessPoint, Blackstone Valley, Bridges, Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills.

Current Services - State Operated Program. The Department's current services request includes \$28.3 million from all sources, which equates to a daily rate of \$614.91 in the state-operated system. This is \$224,441 per person annually at the current census of 126 individuals. Residential settings include two special care facilities, one apartment and 23 group homes. The request is \$0.2 million more than enacted from all sources, including \$0.3 million less from general revenues, \$0.1 million more from restricted receipts, and \$0.3 million more from federal funds.

Restricted receipts are collections from client resources, including the \$774.92 monthly Supplemental Security Income payments made to clients in the state-run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses. These should decline based on the current caseload, but the FY 2020 request is \$0.1 million more than the revised request and \$0.2 million more than FY 2018 actual collections.

The request adds \$0.1 million for staffing costs for a total of \$25.6 million for 298.0 full-time equivalent positions, keeping approximately 55 positions vacant. This includes \$1.9 million for overtime or \$48,893 more than enacted; the enacted budget includes overtime savings of \$0.9 million from more closely managing worker's compensation incidents. The Department anticipates those savings will not be achieved and restores the funding.

The remaining operating costs of \$2.7 million from all sources are used for all other expenses. Of this amount, \$1.5 million is from client resources noted earlier. This includes \$0.7 million for food and medical supplies, \$0.3 million for fuel and utility costs at the state-run homes, \$0.4 million for general maintenance, \$0.5 million for the dental clinic and other medical services, and \$0.7 million for landscaping, plowing and various other expenses.

The Governor recommends \$0.8 million less than enacted, which \$1.0 million less than requested. This assumes savings of \$0.2 million from all sources, including \$0.1 million from general revenues, from continuing to downsize the state-run system and \$0.4 million from realigning staffing patterns based on the remaining number of homes. The recommendation includes a reduction of 2.0 vacant full-time equivalent positions and \$0.2 million, of which \$0.1 million is from general revenues.

Division of Behavioral Healthcare Services

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

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

The November caseload estimate includes \$480.1 million to provide Medicaid coverage to adults between ages 19 and 64, without dependent children, with incomes at or below 138 percent of poverty. This reflects an updated enrollment of approximately 76,000 enrollees. *The Governor recommends \$483.7 million, including \$41.1 million from general revenues for the program.*

State Overdose Response Grant. The state was recently awarded a two-year, \$25.2 million federal State Opioid Response grant and includes \$6.5 million in its revised request and \$11.9 million for FY 2020. This includes \$11.9 million for community support and activities. The Department has submitted its plan for federal approval and it includes 26 separate activities to address the opioid crisis. This includes residential support, recovery and peer support and also involves other state agencies including the State Police and the Department of Children, Youth and Families. The Department uses \$0.9 million for the Behavioral Health Link Triage and Call Center program (BH Link), discussed separately. *The Governor recommends funding as requested.*

Promoting Integration of Primary and Behavioral Health Care Grant. Subsequent to its budget submission, the Department was notified of a five-year, \$10.0 million federal grant it received to promote the integration of primary and behavioral healthcare. Funding is available from January 1, 2019 to December 31, 2023.

The grant is intended to: promote full integration and collaboration in clinical practice between primary and behavioral healthcare; support the improvement of integrated care models for primary care and behavioral healthcare to improve the overall wellness and physical health status of adults with a serious mental illness or children with a serious emotional disturbance; and promote and offer integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases.

The grant will target 1,000 individuals, either children with serious emotional disturbances and co-occurring chronic health conditions for those from birth to age and/or adult family members with mental illness and co-occurring chronic health conditions. The initiative will focus on several high need communities

designated as medically underserved. The goal is to identify, screen, and assess youth and their families who are at risk or experiencing chronic health issues and serious emotional disturbances.

This grant funds engagement, outreach, screening, assessment and the implementation of evidence based practices, as well as assist the lead community mental health centers in developing practices that fully integrate health and behavioral healthcare in primary care settings or other settings identified by the communities. *The Governor's recommendation includes \$1.0 million for FY 2019 and \$2.0 million for FY 2020. She includes \$0.2 million for staffing and \$1.8 million for grants to support community programs, which have not yet been identified.*

RICARES - Recovery Housing Certification. The FY 2018 enacted budget included \$1.5 million, \$0.7 million from general revenues, to support opioid treatment services recommended by the Overdose Task Force in the Executive Office of Health and Human Services' budget that addressed the issues of addiction and overdose which was consistent with the FY 2017 enacted budget. Of that amount, the Assembly designated that \$250,000 from general revenues would be used by the Department for initial start-up costs for a recovery support center and another \$90,000 would support recovery house certification activities. This was part of the medical assistance program and funding for these two activities were not included in the FY 2019 enacted budget. The Department contracts with RICARES to conduct the certification process. The Department's revised request did not include any general revenues for this activity. It should be noted that the Department requested and received federal approval to use the Substance Abuse Block Grant to fund this activity. *The Governor recommends \$100,000 from general revenues for both FY 2019 and FY 2020 for RICARES to certify recovery houses.*

Behavioral Health Link Triage and Call Center (BH Link). The FY 2019 enacted budget includes one-time funding of \$650,000 from general revenues for the BH Link program as well as \$700,000 from mental health and substance abuse federal funds for total funding of \$1,350,000 for the contract with Horizon Healthcare Partners to operate the program. The Department eliminates the general revenues and, as previously noted, \$0.9 million of the new opioid funding will be used to support this program.

This is a statewide resource to provide 24-hour community-based assessment and treatment for those experiencing a behavioral healthcare crisis. Individuals needing comprehensive behavioral health or addiction services, including screening and evaluation, crisis management, assessment, treatment coordination and discharge planning may seek care in a specialized facility.

The Assembly included Section 7 of Article 13 of 2018-H 7200, Substitute A, as amended, to seek Medicaid funding for the specific services provided by Horizon Healthcare Partners through a new bundled rate. The state has received approval allowing Horizon Healthcare Partners to bill Medicaid. It should be noted that any Medicaid funding that may be required to support the services billed is not included in the Executive Office of Health and Human Services' budget. *The Governor recommends funding as requested.*

Overdose Prevention and Intervention Action Plan. The Department's request reflects the expiration of the \$2.1 million from federal State Targeted Response funds to support the state's Overdose Prevention and Intervention Action Plan that includes access to treatment, and reducing deaths from overdose through prevention and recovery support initiatives. Funding was awarded to the Regional Substance Abuse Task Forces. The Department has received other federal funds to continue supporting these programs. *The Governor recommends funding as requested.*

Screening, Brief Intervention, and Referral to Treatment Grant. The Department's request includes \$1.5 million, \$0.2 million less than enacted, for projected spending for the third year of a five-year federal Screening, Brief Intervention, and Referral to Treatment grant to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. This includes \$1.3

million for community-based services and \$0.2 million for a cooperative agreement with the Department of Health for data collection.

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

Centers of Excellence - Medication Assisted Treatment Grant. The Department requests \$0.3 million from the federal medication assisted treatment grant to support the Centers of Excellence, which is \$0.5 million less than enacted. The Department applied for a \$3.0 million grant and the project period is September 1, 2016 through August 31, 2019. The Department reports that it will focus on the current Centers of Excellence and creating a media campaign to educate the public about services and potentially creating a liaison position within the existing centers to support clients transitioning to and from the community providers. *The Governor recommends funding as requested.*

Substance Abuse Treatment Block Grant. The Department requests \$6.9 million from federal funds from the Substance Abuse Treatment Block Grant, which is \$0.1 million more than enacted. Funding is awarded to community agencies to support local programs. This includes \$1.5 million for the municipal substance abuse task forces, \$1.5 million for residential treatment, \$1.5 million for student assistance programs and \$0.5 million for methadone treatment. *The Governor recommends funding as requested.*

Mental Health Block Grant. The Department requests \$1.7 million from the federally funded Mental Health Block Grant to support services provided by the community mental health centers. This is \$0.2 million less than enacted and includes peer support, court diversion and family support services.

Peer support services are provided by the Rhode Island Parent Information Network totaling \$0.5 million. Other community-based providers receiving funding include: The Kent Center, National Alliance on Mental Illness (NAMI), and Rhode Island Council on Community Mental Health Organizations.

It should be noted that the state's renewal of its Medicaid waiver has recently been approved and peer support activities will now be a Medicaid covered expense if certain criteria are met. This expense would appear in the Executive Office of Health and Human Services' budget. This may allow the Department to spend Mental Health Block Grant funds on other activities. *The Governor recommends funding as requested.*

Mental Health - Social Services Block Grant. The Department requests the enacted level of \$1.1 million from federal Social Services Block Grant funds to support mental health services. This includes \$0.9 million for clinical services previously supported the Medicaid funded limited benefit for certain behavioral healthcare services primarily through the community mental health centers. Funds are provided through the Department of Human Services and are consistent with the revised request. *The Governor recommends funding as requested.*

Homelessness Prevention. The Department requests \$0.2 million for one employee to finalize the expiration of the federal grant that addressed the housing needs of individuals in coordination with the state and community-based treatment providers. This is \$1.6 million less than enacted reflecting the end of the grant. The Department spent \$1.3 million for FY 2017, \$2.3 million for FY 2018 and includes \$1.8 million in its revised request.

The grant supported direct services including mental health, substance abuse treatment, recovery services and peer supports to a total of 150 individuals who are experiencing chronic homelessness or veterans who have mental health, substance use disorders or co-occurring mental health and substance use disorders. The

Department contracts with Riverwood, which works with other homeless service providers including: Amos House, House of Hope, The Providence Center, Crossroads, Providence In-Town Churches Association, Community Care Alliance and Newport County Community Mental Health Center. The agencies provide outreach services, case managements services, recovery support services and employment training. *The Governor recommends funding as requested.*

Healthy Transitions Grant. The Department requests federal funding of \$0.7 million from the healthy transitions grant for awards to the Community Care Alliance and the Kent Center for services not covered by Medicaid. The request is \$0.1 million less than enacted and \$0.5 million less than the revised request. *The Governor recommends funding as requested.*

Strategic Prevention Framework Grant - Partnership for Success. The Department requests federal funding totaling \$2.1 million from the strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and or mental health services. This is \$0.2 million more than enacted. Funding supports programs that: prevent the onset and reduce the progression of substance abuse, including childhood and underage drinking; reduce substance abuse-related problems in communities; and build prevention capacity and infrastructure at the state and community levels. *The Governor recommends funding as requested.*

Junior High/Middle School Prevention Programs. The Department's revised request includes \$66,800 from all sources, including \$65,000 from general revenues for a prevention program in the junior high/middle schools. The remaining \$1,800 requested is from federal forfeiture restricted receipts. *The Governor recommends funding as requested.*

Substance Use Disorder Program Administrator (1.0 FTE). On January 13, 2019, the Governor announced the intention to establish a legal adult-use marijuana program, citing the operations in neighboring states. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine previously adopted an adult use program anticipated to launch during spring 2019. Vermont permits adult use of marijuana, but does not permit retail sales. New York's Governor has proposed an adult use program in the budget to begin next year. Bills have also been introduced in Connecticut and New Hampshire legislatures.

The Governor's budget includes Article 20 of 2019-H 5151 to establish the authorization and regulation of an age 21 and older adult-use marijuana program. The regulation of all programs is centralized within the 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 Governor's budget assumes \$6.5 million of new revenues, including \$4.9 million 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.

The Governor adds a new substance use disorder program administrator in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals but does not include any funding. The Governor does include \$1.0 million in the Executive Office of Health and Human Services to support local substance abuse disorder prevention, treatment and recovery services and to manage grant programs and work with other state agencies. Supporting documentation does not specifically identify if the \$1.0 million in the Executive Office's budget is to be used to support the new position in the Department.

Salaries and Benefits. The Department requests \$6.7 million from all funds, \$2.3 million from general revenues, for salary and benefits for 55.0 full-time equivalent positions, 7.0 more than the enacted budget. The request is \$1.1 million more than enacted, including \$20,722 less from general revenues and \$1.1

million more from federal funds. The request fully funds the Division's 53.0 positions with the 2.0 remaining positions included in the Executive Office of Health and Human Services' budget.

The Department has two positions working on the statewide Co-Exist initiative in coordination with the Executive Office and are funded using \$0.3 million of HIV rebate funds. These positions were unfunded vacancies in the enacted budget. As noted in Executive Office's analysis, rebate funds do not appear to be sufficient to cover committed expenses for the statewide initiative. If those rebate funds are not available, the costs for the two positions will shift to the division's budget, most likely paid for with general revenues.

Of the \$1.1 million increase from federal funds, \$0.7 million funds 5.0 positions through the State Opioid Response grant and \$0.8 million through increased Medicaid funded administrative and licensing activities. These increases are offset by reductions in other federal grants.

The Governor recommends \$14,839 less from general revenues than requested to reflect statewide savings. The Executive Office has notified the Department that resources available to support the Co-Exist program exceeds commitments in its budget and it will not receive the \$0.3 million for the 2.0 filled positions.

Other Operations. The Department requests \$2.1 million from all sources, including \$0.4 million from general revenues for all other operations. This is \$67,896 more than enacted including \$12,426 more from general revenues and includes \$1.5 million for grants, primarily from federal funds, for youth services and \$0.2 million for all other operating expenses.

The request includes \$0.2 million for recovery housing support, including \$0.1 million from general revenues, for SYNAR activities and funding to RI Housing to operate the Thresholds program. *The Governor recommends \$12,432 less to reflect three separate statewide savings initiatives designed to reduce operating expenses.*

Eleanor Slater Hospital

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

Hospital Operations. The Department requests \$111.4 million from all sources, including \$50.5 million from general revenues for expenses at the state hospital for FY 2020. This is \$3.1 million more than enacted, including \$0.9 million from general revenues. Using the FY 2018 average census of 223 patients, the annual cost per person would be \$551,470; this does not include the cost of the hospital reorganization project in the Department of Administration's budget. The December 2018 census was 219 patients.

The Department's request adds \$3.1 million from all sources, including \$0.9 million from general revenues and is \$1.9 million more for salaries and benefits. This includes \$81.3 million, including \$38.2 million from general revenues for 841.4 full-time equivalent positions, keeping 132 positions vacant. This includes cost-of-living adjustments and other benefit changes. The request also includes \$6.6 million for overtime, which is \$0.9 million less than enacted and \$3.8 million less than FY 2018 final expenses.

The Department requests \$2.5 million, including \$1.2 million from general revenues, which is \$2.2 million more than enacted, including \$1.0 million more from general revenues for security services at both locations. The Department signed a six-month contract for services in March 2018. In its FY 2019 budget request, which was funded as requested, the Department included \$0.4 million for security services, apparently not sufficient to pay for the new contract.

For all other expenses, the Department includes \$23.3 million, including \$8.9 million from general revenues. This includes \$9.9 million for other direct medical services, including nursing, \$5.7 million for pharmaceuticals and medical supplies, \$1.1 million for food, \$0.8 million for maintenance and repairs, and \$0.4 million for janitorial supplies.

Funding for the capital project that reconfigures the hospital footprint is in the Department of Administration's budget. *The Governor recommends \$112.5 million, including \$50.0 million from general revenues which is \$5.2 million more than enacted and \$1.2 million more than requested. She includes several proposal to reduce hospital expenses; each is discussed separately.*

Hospital Reorganization Project. The Department of Administration coordinates with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to reorganize the hospital footprint. The Department of Administration's budget includes the funding and the five-year capital request includes \$41.7 million, including \$11.6 million from Rhode Island Capital Plan funds and \$30.0 million from Certificates of Participation to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The plan calls for renovations to the Regan and Benton buildings; forensic psychiatric patients will move from Pinel and Adolph Meyer buildings into the Benton building. General and geriatric psychiatric patients will be consolidated into the Regan building. The Beasley building on the Zambarano Campus will be renovated to address safety and security, as well as improvements to the laboratory. Through the reorganization, two buildings will close: Adolph Meyer and Pinel. The Department is proposing to demolish these buildings as part of the Pastore Center Demolition project.

The request is \$8.2 million less than the approved plan, including \$8.0 million more from Certificates of Participation offset by \$16.2 million less from Rhode Island Capital Plan funds. The Department later indicated that this was in error. The intent is to request funding consistent with the approved plan. *The Governor recommends total funding consistent with the approved plan.*

Laundry Services. The Department's constrained request includes savings of \$1.0 million, including \$0.5 million from general revenues, from privatizing laundry services. This initiative will privatize institutional laundry services and maintain a small staff to serve both campuses. The Department has been asked to provide the methodology for the savings; it did not do so.

The Governor recommends outsourcing institutional laundry services and includes the savings. Information provided by the Department does not include the cost of contracting for the services but it appears that the current staff will be reassigned so it is unclear how the savings, shown as a reduction in overtime, would be achieved.

Radiology Services. The Department currently has one radiologist and a radiologic technologist positions that are filled totaling \$0.3 million from all sources to provide radiology services with about 440 x-rays taken annually. *The Governor includes savings of \$95,000 from general revenues from eliminating the radiologist and outsourcing those services. The technologists will remain on staff.*

Medicare Part B Claiming. The Department's constrained request includes general revenue savings of \$0.2 million from improving Medicare billing. The Department indicates that the initiative will improve physician documentation and coding to ensure that receiving third party receipts offset state costs. It is unclear why this is a proposal in the constrained budget and not part of the process to ensure that the state is the payor of last resort as set in statute. *The Governor recommends the proposal.*

Physician Charges - Maximize Medicaid. The Department's constrained request includes savings of \$0.5 million from enhancing Medicaid billing for its physicians. The Department reports that a change in the billing method will allow the state to increase its Medicaid funding. Similar to the Part B claiming initiative,

it is unclear why this proposal is in the constrained budget and not part of the process to leverage more federal funds that will offset general revenue expenses at the state hospital. *The Governor recommends the proposal.*

Overtime Savings. The Department's constrained request includes savings of \$1.8 million, including \$0.9 million from general revenues, from limiting overtime expenses. This initiative has been proposed in prior fiscal years and the savings have not been met. *The Governor does not recommend this proposal.*

Hospital Licensing Fee. The Department requests the enacted level of \$6.8 million from all sources to pay the 6.0 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2017, in FY 2019. It includes \$3.2 million from general revenues and \$3.5 million from federal funds. *The Governor recommends funding as requested.*

Hospital and Community System Support

Salaries and Benefits. The Department requests \$1.6 million from all sources, primarily from general revenues, for salary and benefits to fully fund 17.0 positions, which is 3.0 positions more than included in the enacted budget, in the hospital and community system support program. This is \$0.3 million less than enacted for updated staffing costs and includes cost-of-living adjustments and updated benefit changes. *The Governor recommends \$0.5 million more than requested, including \$0.3 million more from general revenues. This funds 2.0 positions repurposed from the Division of Developmental Disabilities' state-run residential system to create a deputy chief financial officer and an investigative auditor.*

Other Operating Expenses. The Department requests \$48,668 from general revenues for operations in the home and community support system support program, which is \$5,772 less than enacted. This includes \$31,868 for operating, \$500 for contracted services and \$16,300 for computers. *The Governor recommends \$6,211 less to reflect three separate statewide savings initiatives designed to reduce operating expenses.*

Central Management

Salaries and Benefits. The Department requests \$3.7 million from all sources, including \$1.3 million from general revenues and \$1.0 million from Medicaid funds for staffing costs in central management. This is \$2.3 million more than enacted, including \$1.3 million from general revenues. The request fully funds 23.0 full-time equivalent positions in central management, which is 12.0 more than enacted, and includes cost-of-living adjustments and other benefit changes. The request includes 2.0 positions transferred from the Department of Human Services and 10.0 transferred from other divisions. These reallocations account for the funding increase.

The Governor recommends \$0.6 million more than requested, including \$0.3 million more from general revenues. Supporting documentation shows 16.0 positions in the division at an annual cost of \$257,477. Since the request fully funds 23.0 positions it is difficult to determine the intent of the recommendation. It should also be noted that this is a 22 percent increase in the annual cost per position compared to the Governor's revised recommendation, which assumed \$211,196 for each position. It appears there is \$0.3 million too much budgeted for these expenses.

Victim of Crime Act Grant. The Department applied for and received a \$49,973 grant through the victims of Crime Act funding through the Department of Public Safety. This was subsequent to its budget submission, and matched by \$12,571, for total funding of \$62,544. *The Governor recommends \$24,987 for FY 2020.*

Other Operating Expenses. The Department requests \$122,484 from general revenues for all other central management expenses. This is \$75,196 more than enacted for additional office expenses, mileage

reimbursements and records storage. *The Governor recommends \$4,452 less to reflect two separate statewide savings initiatives designed to reduce operating expenses.*

Office of the Child Advocate

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 1,037,026	\$	967,179	\$	1,119,712	\$	1,111,310
Contracted Services	13,151		-		-		-
Subtotal	\$ 1,050,177	\$	967,179	\$	1,119,712	\$	1,111,310
Other State Operations	126,001		100,096		157,701		102,962
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	17,785		17,785		17,785		17,785
Capital	2,000		2,000		2,000		2,000
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 1,195,963	\$	1,087,060	\$	1,297,198	\$	1,234,057
Sources of Funds							
General Revenue	\$ 969,922	\$	896,811	\$	1,049,842	\$	986,701
Federal Aid	226,041		190,249		247,356		247,356
Restricted Receipts	-		-		-		-
Other	-		-		-		-
Total	\$ 1,195,963	\$	1,087,060	\$	1,297,198	\$	1,234,057
FTE Authorization	10.0		10.0		10.0		10.0
FTE Average							

Summary. The Office of the Child Advocate requests \$1.3 million from all sources, including \$1.0 million from general revenues and \$0.2 million from federal funds. The request includes \$0.1 million more from general revenues than enacted and includes 10.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$1.2 million which is \$38,094 more than enacted and \$63,141 less than requested. The recommendation includes \$3,897 in statewide savings, noted below where appropriate.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$961,211. The amount includes current service adjustments of \$36,820 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$45,531.

The Office did not submit a constrained budget. *The Governor's recommendation is \$25,490 more than the target.*

FY 2020 Budget	Budget Office		Child Advocate	Difference
FY 2019 Enacted	\$ 969,922	\$	969,922	\$ -
Current Service Adjustments	36,820		79,920	43,100
Change to FY 2019 Enacted	\$ 36,820	\$	79,920	\$ 43,100
FY 2020 Current Service / Unconstrained Request	\$ 1,006,742	\$	1,049,842	\$ 43,100
Target Reduction/Initiatives	(45,531)		-	45,531
FY 2020 Constrained Target/Request	\$ 961,211	\$	1,049,842	\$ 88,631
Change to FY 2019 Enacted	\$ (8,711)	\$	79,920	\$ 88,631

Salaries and Benefits. The Office requests \$0.9 million from general revenues and \$0.2 million from federal funds to fully fund its authorized 10.0 full-time equivalent positions. This is \$82,686 more than enacted, including \$64,071 more from general revenues and \$18,615 more from federal funds, and reflects current service adjustments. *The Governor recommends \$8,402 less than requested from general revenues to reflect statewide benefit adjustments.*

Staff Training. The FY 2020 request includes \$20,100 from general revenues for staff training conference attendance. This is \$15,000 more than enacted, \$5,000 more than the FY 2019 revised request, and reflects the training associated with new hires expected to be in place by FY 2020. *The Governor recommends \$7,500 less than requested, consistent with the Governor's revised recommendation, which appears to be based on actual spending through December.*

Centralized Services. Consistent with the FY 2019 enacted budget, the request includes \$70,209 for facilities management and \$25,913 for information technology services, consistent with FY 2019 enacted budget. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$35,342 less than requested from general revenues based on billings through November and December.*

Other Expenses. The Office requests \$61,264 for all other expenses including \$40,749 from general revenues. This is \$3,549 more than enacted, including \$849 more from general revenues. General revenue changes exclude the \$13,151 provided for clerical services, add \$8,000 for in-state travel, and \$6,000 largely to more closely reflect FY 2018 actuals. Funding was provided to assist with workload growth, but the Office indicates its needs call for more experience and internal training and this work will be completed by the additional 2.0 positions authorized in FY 2019. Subsequent to the budget submission, the Office stated the in-state travel funding requested was overstated by \$6,500. *The Governor recommends \$11,897 less than requested from general revenues including \$3,897 from three separate statewide proposals designed to achieve operating savings. The recommendation includes \$1,500 for in-state travel.*

Commission on the Deaf and Hard of Hearing

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 462,045	\$	462,161	\$	507,991	\$	503,048
Contracted Services	61,108		106,308		99,608		99,608
Subtotal	\$ 523,153	\$	568,469	\$	607,599	\$	602,656
Other State Operations	73,025		64,776		49,887		57,682
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	7,000		3,500		33,000		33,000
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 603,178	\$	636,745	\$	690,486	\$	693,338
Sources of Funds							
General Revenue	\$ 523,178	\$	525,902	\$	560,486	\$	563,338
Federal Aid	-		-		-		-
Restricted Receipts	80,000		110,843		130,000		130,000
Other	-		-		-		-
Total	\$ 603,178	\$	636,745	\$	690,486	\$	693,338
FTE Authorization	4.0		4.0		4.0		4.0

Summary. The Commission on the Deaf and Hard of Hearing requests \$690,486 from all sources and 4.0 full-time equivalent positions, consistent with the current authorized staffing level. This is \$87,308 more than enacted, including \$37,308 more from general revenues and \$50,000 more from restricted receipts. *The Governor recommends \$693,338 from all sources, which is \$90,160 more than enacted including \$40,160 more from general revenues. This includes \$5,629 in statewide savings, noted below where appropriate. The Governor recommends staffing as enacted.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$515,479, including current service adjustments of \$18,440 and a 5.0 percent target reduction adjusted for certain exclusions of \$26,139. The constrained budget submitted by the agency meets the general revenue target. *The Governor's budget is \$47,859 more than the target.*

			Deaf and Hard	
FY 2020 Budget	Budget Office	of Hearing	Difference	
FY 2019 Enacted	\$ 523,178	\$ 523,178	\$ -	
Current Service Adjustments	18,440	47,971	29,531	
New Initiatives	-	(10,663)	(10,663)	
Change to FY 2019 Enacted	18,440	37,308	18,868	
FY 2020 Current Service/ Unconstrained Request	\$ 541,618	\$ 560,486	\$ 18,868	
Target Reduction/Initiatives	(26,139)	(45,007)	(18,868)	
FY 2020 Constrained Target/Request	\$ 515,479	\$ 515,479	\$ -	
<i>Change to FY 2019 Enacted</i>	<i>(7,699)</i>	<i>(7,699)</i>	<i>-</i>	

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Commission's request of \$18,830 from general revenues for information technology services is consistent with the enacted budget but \$30,967 less than actual FY 2018 expenditures. *The Governor recommends \$8,481 more than requested based on billings through November. This is \$22,486 less than FY 2018 expenditures.*

Interpreter Services (1.0 FTE). The Commission requests \$69,608 from all sources for interpreter services, which is \$115,641 less than enacted from general revenues to reflect the elimination of the staff interpreter position approved by the 2016 Assembly, and \$19,500 more from all sources to restore contracted interpreter services to the anticipated service level. The enacted budget provides \$115,629 to fully fund the interpreter position for public hearings, informational sessions and interoffice communication as well as \$49,108 for contracted interpreter services. Despite years of requests for the staff interpreter position, the Commission decided to eliminate the position based on the state's restrictions on employee earnings through concurrent contracting with additional state agencies.

The Commission's constrained request proposes savings of \$29,608 from reducing contracted interpreter services, Communication Access Real-time Translation Writers, and the Interpreter Referral Database Management System. *The Governor recommends funding consistent with the unconstrained request.*

Director of Operations (1.0 FTE). The Commission requests \$116,641 from all sources, including \$104,978 from general revenues and \$11,663 from restricted receipts for a new director of operations position. This position would be responsible for the oversight and administration of the Emergency and Public Communication Access Program. The Commission indicates that this position is essential in the planning and development of its strategic goal to improve communication inside state-owned facilities and during emergency situations. As of the pay period ending September 15, 2018, this position has been filled. *The Governor recommends funding as requested.*

Emergency Communication Access Program. The Commission requests \$78,337 for remaining expenses of the Emergency and Public Communication Access Program. The 2013 Assembly created that program to be administered by the Commission. This restricted receipt account is funded with \$80,000 annually from the Dual Party Phone Relay surcharge of \$0.09 on all landlines. As noted earlier, the Commission hired a Director of Operations in September, 2018 to oversee and administer the program. In addition to a portion of the staff expense, the Commission's request includes \$18,837 more than enacted including \$18,000 for a contracted part-time community project coordinator to assist in project planning for installing communication assistive devices across all state-owned walk-in facilities, and an \$837 increase for other program operating costs. *The Governor recommends funding as requested.*

Other Personnel and Operating. The Commission requests \$500,385 from general revenues for all other expenses. This is \$47,971 more than enacted, including \$45,946 for updated salaries and benefit expenses and \$2,025 for the annualized cost of the copy machine lease. The increase for salaries and benefits reflects current benefit costs which appear to have been understated in the FY 2019 enacted budget.

As part of its constrained request, the Commission proposes savings of \$15,399 from general revenues by eliminating nearly all program materials and general operating expenses. *The Governor recommends \$5,629 less than the unconstrained request from general revenues, which includes \$4,943 in statewide benefit savings, and \$686 from three separate statewide savings initiatives designed to reduce operating costs.*

Governor's Commission on Disabilities

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 429,090	\$	350,063	\$	439,896	\$	436,563
Contracted Services	46,033		98,226		131,299		131,299
Subtotal	\$ 475,123	\$	448,289	\$	571,195	\$	567,862
Other State Operations	57,652		71,938		74,275		72,188
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	854,500		869,581		918,609		918,609
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 1,387,275	\$	1,389,808	\$	1,564,079	\$	1,558,659
Sources of Funds							
General Revenue	\$ 1,002,537	\$	951,910	\$	1,060,489	\$	1,055,069
Federal Aid	335,167		395,318		458,689		458,689
Restricted Receipts	49,571		42,580		44,901		44,901
Other	-		-		-		-
Total	\$ 1,387,275	\$	1,389,808	\$	1,564,079	\$	1,558,659
FTE Authorization	4.0		4.0		4.0		4.0

Summary. The Commission requests FY 2020 expenditures of \$1.6 million from all sources and the authorized level of 4.0 full-time equivalent positions. This is \$0.2 million more than enacted, including increases of \$57,952 from general revenues and \$123,522 from federal funds, and a reduction of \$4,670 from restricted receipts. *The Governor recommends \$1.6 million from all sources and staffing consistent with the authorized level. This includes \$5,420 of statewide savings, noted below where appropriate.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.0 million. The amount includes current service adjustments of \$16,033 and a 5.0 percent target reduction of \$24,663, adjusted for certain exclusions.

FY 2020 Budget	Budget Office		Commission on Disabilities	Difference
FY 2019 Enacted	\$ 1,002,537	\$	1,002,537	\$ -
Current Service Adjustments	16,033		12,589	(3,444)
New Initiatives	-		45,363	45,363
Change to FY 2019 Enacted	\$ 16,033	\$	57,952	\$ 41,919
FY 2020 Current Service/Unconstrained Request	\$ 1,018,570	\$	1,060,489	\$ 41,919
Target Reduction/Initiatives	(24,663)		(65,388)	(40,725)
FY 2020 Constrained Target/Request	\$ 993,907	\$	995,101	\$ 1,194
<i>Change to FY 2019 Enacted</i>	<i>\$(8,630)</i>	<i>\$</i>	<i>\$(7,436)</i>	<i>\$ 1,194</i>

The Commission's constrained request is \$1,194 above the target level. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$61,162 more than the target.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Consistent with the enacted budget, the request includes \$25,315 from general revenues for the Commission's share of centralized services. This includes \$5,776 for human resources and \$19,539 for information technology services. *The Governor recommends funding consistent with the enacted budget.*

School Construction Design Reviews. The Commission requests new expenditures of \$54,991 from all sources, including \$45,363 from general revenues to obtain services for reviewing school construction design plans. The 2018 Assembly authorized \$250.0 million of general obligation bonds to be put before the voters on the November 2018 ballot to provide direct upgrades to the state's elementary and secondary education buildings. The Commission indicates that if the question is approved, it anticipates an increase in the number of design plans that it will have to review for compliance with Americans with Disabilities Act requirements. According to the Commission, the requested amount will fund 400 hours of plan reviews or approximately 135 projects; each project takes three hours to review. The request is \$4,941 more than the FY 2019 revised request.

The constrained request excludes this funding. *The Governor recommends the requested amount.*

Livable Home Modification Program. The request includes \$499,994 from general revenues or \$6 less than enacted for the Livable Home Modification Grant Program, which provides funding to support home modifications and accessibility enhancements to allow individuals to remain in community settings. The enacted budget assumed all of the \$500,000 appropriated would be awarded to provide direct funding for home accessibility enhancement. However, consistent with the revised request, the request shifts \$61,925 of the funding to program administration. Though the Commission's staff is almost entirely general revenue funded, it allocates \$25,270 of this source for staff time. The Commission indicates that a significant amount of time is spent on reviewing applications and financial data. The request also includes \$36,655 for program expenses, including \$18,617 for clerical services, \$14,140 for printing and advertising, and \$3,898 for all other expenditures. *The Governor recommends \$597 less than requested, including \$310 from statewide benefit savings and \$287 from a statewide initiative to reduce costs of certain commodities.*

Other Salaries and Benefits. The Commission requests \$0.4 million from all sources for salary and benefit expenses for the authorized level of 4.0 full-time equivalent positions; all but \$2,203 is from general revenues. The request is \$14,464 less than enacted and adjusted for \$25,270 allocated for staff time dedicated to the Livable Home Modification Grant Program, it is \$10,806 more than enacted. The request is \$5,226 less than the current service estimate provided by the Budget Office, based on turnover in the entry level for an assistant Americans with Disabilities Act coordinator position and \$4,015 to upgrade a currently filled case manager coordinator to a senior planning and program position, effective in January 2019.

The Commission's constrained budget includes a savings of \$19,888 from general revenues for staff costs to be achieved by closing its office every Friday at 2:00 p.m., which would impact services that the Commission provides. This reduction may jeopardize the annual \$20,000 grant that the Commission receives from the New England Americans with Disabilities Act Technical Assistance Center. Three of four positions for the Commission are unclassified and all are non-union employees. This reduction is not likely feasible as proposed. The Commission included this proposal in its last three constrained budgets;

however, neither the Governor nor the Assembly concurred. The savings also equates to approximately 20 percent of a full-time equivalent position or by maintaining a position vacant for five pay periods; however, as of the first pay period in January, all of Commission's positions are filled. *The Governor recommends \$3,023 less than requested from statewide benefit savings.*

Statewide Independent Living Program. The Commission requests \$0.5 million from all sources for the Statewide Independent Living Program. This is \$123,261 more than enacted, all but \$901 is for habilitative services. The 2016 Assembly adopted legislation to designate the Governor's Commission on Disabilities as the state agency responsible for applying for and receiving federal funds for this program, effective October 1, 2016.

The State Plan for Independent Living Services is developed by the Statewide Independent Living Council in conjunction with the Ocean State Center for Independent Living. The current plan covers federal FY 2017 through FY 2019. It further outlines scope of services to be provided by the Centers for Independent Living, as well as the goals for expanding independent living. The Commission indicates that guidance for the next grant round has not been issued; however, the Council will start meeting in January 2019 to begin the application process. *The Governor recommends \$393 less than requested to reflect two separate statewide savings initiatives.*

Fellowships. Consistent with the revised request, the Commission requests \$22,080 from all sources, or \$3,680 more than enacted from restricted receipts to fund an additional fellowship. The Mary Brennan Fellowship program provides semester-long part-time placements with the Commission for individuals to work on disability policy and research. The Commission indicates that it had problems finding eligible students for the program. The 2018 Assembly adopted legislation in 2018-H 7402 expanding the program by removing the requirement that the program participants be college students. It also removed the requirement that the fellowship program takes place in Providence. As of this fall semester, the Commission has one intern. The enacted budget includes \$18,400 to fund five fellowships. *The Governor recommends funding as requested.*

Other Expenses. The Commission requests \$68,173 from all sources for all other operating costs. This is \$9,342 more than enacted, including increases of \$2,642 from general revenues and \$6,700 from restricted receipts. This includes \$4,118 to obtain services to update the Commission's website to comply with Americans with Disabilities Act requirements and \$1,537 more for clerical services. The Commission obtains clerical services for posting of meeting notices and taking minutes at meetings. The request is \$14,822 more than FY 2019 projected expenditures.

The Governor recommends \$1,407 less from general revenues than requested to reflect two separate statewide savings initiatives designed to reduce operating costs.

Office of the Mental Health Advocate

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 555,222	\$ 501,238	\$ 632,381	\$ 536,313
Contracted Services	2,200	2,200	2,200	2,200
Subtotal	\$ 557,422	\$ 503,438	\$ 634,581	\$ 538,513
Other State Operations	95,338	62,951	95,888	62,898
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	500	1,000	1,000	1,000.00
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 653,260	\$ 567,389	\$ 731,469	\$ 602,411
Sources of Funds				
General Revenue	\$ 653,260	\$ 567,389	\$ 731,469	\$ 602,411
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 653,260	\$ 567,389	\$ 731,469	\$ 602,411
FTE Authorization	4.0	4.0	5.0	4.0

Summary. The Office of the Mental Health Advocate requests \$731,469 from general revenues to support its operations and 5.0 full-time equivalent positions. This is \$78,209 and one position more than enacted. *The Governor recommends \$50,849 less than enacted from general revenues and no new positions. This includes \$37,323 in statewide savings, noted below where appropriate.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$645,830. The amount includes current service adjustments that increase expenses by \$22,160 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$29,590.

	Mental Health		
FY 2020 Budget	Budget Office	Advocate	Difference
FY 2019 Enacted	\$ 653,260	\$ 653,260	\$ -
Current Service Adjustments	22,160	(13,526)	(35,686)
New Initiatives	-	91,735	91,735
Change to FY 2019 Enacted	\$ 22,160	\$ 78,209	\$ 56,049
FY 2020 Current Service/Unconstrained Request	\$ 675,420	\$ 731,469	\$ 56,049
Target Reduction/Initiatives	(29,590)	(121,325)	(91,735)
FY 2020 Constrained Target/Request	\$ 645,830	\$ 610,144	\$ (35,686)
<i>Change to FY 2019 Enacted</i>	<i>\$ (7,430)</i>	<i>\$ (43,116)</i>	<i>\$ (35,686)</i>

The constrained budget submitted by the agency is \$35,686 below the target. The proposals to achieve the reduction are noted below where appropriate. *The Governor's budget is \$43,419 below than the target.*

Monitoring and Evaluation Specialist (1.0 FTE). The Office requests \$91,735 for a new monitoring and evaluation specialist. The specialist would assist clients in securing treatment services, investigate reports of improper or insufficient treatment, maintain a presence at the state-run Eleanor Slater Hospital to monitor treatment and patient rights and review facility procedures licensed by the state to ensure compliance with the Mental Health Law.

The Office excludes this position in its constrained request. *The Governor does not recommend the position.*

Other Salaries and Benefits. The Office requests \$540,646 for salary and benefit expenses, which is \$14,576 less than enacted, for its authorized 4.0 positions. The request appears to underfund staffing expenses by about \$5,000 as it excludes the cost-of-living adjustment for a position and understates required medical benefit costs.

The Office's constrained request applies a five percent across-the-board reduction to staffing expenses for savings of \$29,590 to the target. It is unclear how this would be achieved. *The Governor recommends \$4,333 less than requested to reflect statewide savings but also does not appear to correct the salary error in the request; all the positions are filled as of January 2019.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the request includes \$83,629 from general revenues for the Office's share of centralized services. This includes \$70,209 for facilities management and \$13,420 for information technology services. *The Governor recommends \$31,528 less than enacted for billings through November and December.*

Other Operations. The Office requests \$15,459 for other operations, which is \$1,050 more than enacted. The request also includes the enacted level of \$1,500 for psychiatric evaluations. The Office's request adds \$500 for computer and software upgrades, \$200 for staff training, and \$300 for other office expenses. This is consistent with the revised request which also adds funding for computers and staff training. *The Governor recommends \$1,462 less than requested to reflect three separate statewide savings initiatives to reduce operating expenses.*

Department of Elementary and Secondary Education

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
State Aid	\$ 938,174,860	\$ 938,104,109	\$ 986,796,810	\$ 977,830,266
School Housing Aid	80,000,000	80,000,000	80,000,000	80,000,000
Teachers' Retirement	106,118,409	106,753,507	114,550,996	112,337,502
RI School for the Deaf	7,971,191	7,948,171	8,642,550	8,153,273
Central Falls School District	40,752,939	40,752,939	41,087,651	41,087,651
Davies Career & Technical School	22,503,082	24,129,953	24,195,205	19,845,205
Met. Career & Tech. School	9,592,007	9,592,007	9,592,007	9,592,007
Administration	239,137,270	244,103,198	239,785,589	239,922,221
Total	\$ 1,444,249,758	\$ 1,451,383,884	\$ 1,504,650,808	\$ 1,488,768,125
Expenditures by Category				
Salaries and Benefits	\$ 41,756,679	\$ 41,757,128	\$ 43,882,414	\$ 43,309,230
Contracted Services	42,938,616	44,967,944	47,645,966	46,870,728
Subtotal	\$ 84,695,295	\$ 86,725,072	\$ 91,528,380	\$ 90,179,958
Other State Operations	8,577,850	8,329,653	8,377,633	8,221,854
Aid to Local Units of Government	1,243,827,495	1,238,619,097	1,292,003,346	1,279,355,115
Assistance, Grants, and Benefits	28,432,925	35,816,185	34,862,867	38,630,116
Capital	3,992,207	5,190,975	6,086,285	1,238,785
Capital Debt Service	-	-	-	-
Operating Transfers	74,723,986	76,702,902	71,792,297	71,142,297
Total	\$ 1,444,249,758	\$ 1,451,383,884	\$ 1,504,650,808	\$ 1,488,768,125
Sources of Funds				
General Revenue	\$ 1,188,639,908	\$ 1,187,465,595	\$ 1,248,414,034	\$ 1,235,838,953
Federal Aid	214,475,474	219,524,264	212,511,158	213,559,606
Restricted Receipts	35,755,376	37,784,310	37,766,616	37,560,566
Other	5,379,000	6,609,715	5,959,000	1,809,000
Total	\$ 1,444,249,758	\$ 1,451,383,884	\$ 1,504,650,808	\$ 1,488,768,125
FTE Authorization				
Administration	135.1	137.1	140.1	142.1
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	61.0	60.0
Total Authorized Positions	321.1	323.1	327.1	328.1

Summary. The Council on Elementary and Secondary Education requests \$1,504.7 million from all sources of funds, including \$1,248.4 million from general revenues. The request is \$60.4 million more than enacted from all sources, including \$59.8 million more from general revenues. The staffing request includes 327.1 full-time equivalent positions, 6.0 positions more than enacted. The Department also submitted a constrained request that totals \$1,247.0 million from general revenues, which is \$1.4 million less than the unconstrained request. As of the pay period ending December 8, 2018, the Department has 26.1 positions vacant. *The Governor recommends \$1,488.8 million from all sources, which is \$44.5 million*

more than enacted. The recommendation includes \$1,235.8 million from general revenues, \$47.2 million more than enacted and \$12.6 million less than requested. This includes \$149,556 of statewide savings, noted below where appropriate. The Governor recommends 328.1 full-time equivalent positions, 7.0 more than enacted. As of the pay period ending January 19, the Department has 26.1 positions vacant.

The recommendation includes the ninth year of the funding formula, adding \$2.3 million for English language learner categorical funding. As part of her universal prekindergarten initiative, the Governor adds \$8.2 million for early childhood education categorical funding, of which \$0.7 million is for contracted services and \$0.4 million is for new positions. There was an expectation that categorical funding would grow annually as the funding formula was phased-in; however, out-year estimates submitted with the Governor's FY 2020 budget assume level-funding for nearly all categories of aid.

Target Issues. The Budget Office provided the Department with a general revenue target of \$1,209.0 million. The amount includes current service adjustments of \$21.4 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$1.0 million.

The constrained budget submitted by the agency is \$38.0 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$26.8 million more than the target.*

FY 2020 Budget	Budget Office	Elementary and Secondary Ed.	Difference
FY 2019 Enacted	\$ 1,188,639,908	\$ 1,188,639,908	\$ -
Current Service Adjustments	21,392,618	58,351,626	36,959,008
New Initiatives	-	1,422,500	1,422,500
<i>Change to FY 2019 Enacted</i>	\$ 21,392,618	\$ 59,774,126	\$ 38,381,508
FY 2020 Current Service/ Unconstrained Request	\$ 1,210,032,526	\$ 1,248,414,034	\$ 38,381,508
Target Reduction/Initiatives	(1,043,033)	(1,422,500)	(379,467)
FY 2020 Constrained Target/Request	\$ 1,208,989,493	\$ 1,246,991,534	\$ 38,002,041
<i>Change to FY 2019 Enacted</i>	\$ 20,349,585	\$ 58,351,626	\$ 38,002,041

Education Aid. The Council requests \$908.1 million for state aid to local school districts, excluding the Central Falls School District and the Met School. This represents the ninth year of the education funding formula adopted by the 2010 Assembly. The legislation requires that the core instruction amount be updated annually. Using the next year of available National Center for Education Statistics data, the core instruction amount increases from \$9,422 to \$9,871 per pupil, a \$449 increase per pupil. The request is \$29.1 million more than the enacted level based on updated data including enrollment and poverty, which is \$11.6 million more than the Budget Office current service calculation. It should be noted, however, that the request excludes \$1.6 million for a new charter school opening in FY 2020.

The 2018 Assembly enacted legislation requiring the Department to provide an estimate of the foundation education aid as part of its budget submission. The estimate shall include the most recent data available as well as an adjustment for average daily membership growth or decline based on the prior year experience. The FY 2020 request uses March 2018 enrollment data, adjusted for estimated charter school enrollment, updated property data, and updated per pupil funding, consistent with prior years; no other adjustments are included. The legislation also requires the Department to report updated figures based on the average daily membership as of October 1 by December 1. The Department indicates that the report was submitted to the Budget Office but did not share that information with the House Fiscal Advisory Staff; adjusted for the new charter school, it estimates \$4.1 million more than requested will be needed based on October data.

The Governor recommends \$0.3 million more than requested; this includes \$1.6 million more to fully fund the state's share of charter school expenses offset by a \$1.3 million reduction to reflect the impact of the Governor's proposal to shift special education costs from the state to local districts 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. Article 15 of 2019-H 5151 would shift the cost of educating children at those facilities as well as those at the Rhode Island Training School from the state to local districts. The Governor shows the impact of that new requirement 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 multiplied by \$22,559 which is similar to the average per pupil statewide special education cost.

Following enactment of the FY 2019 budget, the Division of Municipal Finance corrected an error in local property value data used to determine the state's share of education costs. Updating the data, in turn, impacted the state's share of education formula aid for nearly all local education agencies. The net impact of the change is \$18,947, which the Governor includes in her FY 2020 recommendation. Additional information on the impact of this adjustment can be found in the Education Aid section of this publication.

Group Home Aid. The Council requests \$3.6 million to fund beds for communities hosting group homes, consistent with the enacted budget. The request deducts the impact of group home beds from the education funding data which results in a decrease in funding that is phased-in over the remaining years of the transition period. The reduction is shown in the group home aid total rather than the formula aid total.

The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time of the budget. The legislation uses the count of beds that are open as of December 31 for the budget year's aid. The request assumes a bed count of 365, consistent with the enacted budget. *The Governor recommends \$0.4 million less than requested based on the December 31 bed count of 324 beds; this is 41 fewer beds than in the enacted budget. 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.*

Central Falls School District. The Council requests \$41.1 million from general revenues to support the Central Falls School District for FY 2020, which is \$0.3 million more than enacted. The increase reflects year nine of the funding formula and an allocation of stabilization funds. The formula includes a stabilization fund to stabilize the Central Falls School District until the city can begin paying its local share. This is the sixth year the Department has requested stabilization funding and it includes \$8.4 million in its request, which is \$0.1 million more than enacted for FY 2019. The request also includes a \$0.2 million increase representing year nine of the funding formula and a higher state share ratio based on updated data.

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.

Since 2007, when Central Falls enrollment totaled approximately 3,500 students and employed 330 certified employees, the district has reduced its teaching force from 330 to 275, compensating for the decline in enrollment presently totaling 2,518 students. Over the past several years Central Falls has experienced a significant reduction in enrollment primarily due to the growth of charter schools. From school years 2004-05 through 2007-08, student enrollment ranged from 3,656 students to 3,341 students. Since then, enrollment has steadily declined and in FY 2018 enrollment fell to 2,490 students. *The Governor recommends funding as requested.*

Metropolitan Career and Technical School. The Council requests \$9.3 million for the Metropolitan Career and Technical School, which is consistent with the enacted budget. It reflects the impact of year

nine of the funding formula distribution offset by a like increase from stabilization funds. The Met School is funded pursuant to the funding formula with the state paying its share for each student and the sending districts contributing a local share. The 2016 Assembly enacted a stabilization fund for state schools in order to mitigate some of the losses in funding from the implementation of the funding formula, which provided \$1.4 million to the Met School in FY 2019.

Using projected FY 2020 enrollments of 779 students and 483 free and reduced price lunch students, total formula aid is projected to be \$7.4 million, or \$0.5 million less than FY 2019 enacted aid. This decrease will be transitioned over the next year, the remainder of the ten-year transition plan. This decrease in formula aid is offset by a like increase from stabilization funding.

In addition to formula and stabilization aid, the Met School also receives funding from the separate career and technical education aid category, noted separately. For FY 2020, the Council requests additional categorical funding but does not offset the increase with a reduction in direct aid to the Met School. In FY 2018, the School received \$650,000 from that aid, or 14.5 percent of the enacted amount. An increase to career and technical education aid would likely result in additional funding for the School as well. *The Governor recommends funding as requested.*

School Choice Density Aid. The Council does not request funding for the school choice density aid category. The request is \$0.5 million less than enacted and reflects the end of the three-year program, consistent with enacted legislation. Funding was used to support districts which had at least 5.0 percent of their students enrolled in a charter or state school. Districts were provided \$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. *The Governor's recommendation is consistent with the request.*

Career and Technical Education Aid. The Council requests \$7.3 million for career and technical education categorical funding for FY 2020, \$2.8 million more than enacted. The funding formula allows for additional resources from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding is used to help transform existing programs or create new programs and to help offset costs associated with facilities, equipment, maintenance and repairs, and supplies. The Department developed criteria for the purpose of allocating funds provided by the Assembly each year 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. For FY 2018, 28 schools and districts received career and technical categorical funding.

Along with traditional public and charter schools, the state's career and technical schools also receive funding from this category of aid. In FY 2018, the Met School and Davies received a total of \$0.9 million from the career and technical education categorical, or 21.1 percent of available funding. Categorical funding is provided in addition to stabilization funding, which mitigates some of the losses in funding from the implementation of the funding formula. The Council's request for additional categorical funds would likely result in additional funding for the schools, which is not reflected in its requests for stabilization funding. *The Governor recommends total funding of \$4.5 million, consistent with the enacted budget.*

Early Childhood Aid. The Council requests \$12.0 million for early childhood categorical funding as part of the education funding formula, which is \$4.6 million more than enacted from all sources and \$5.8 million more from general revenues. The request reflects year nine of the ten-year phase in period. The funding formula allows for additional resources from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Funding is used to increase access to voluntary, free, high-quality pre-kindergarten programs. For FY 2019, 21 organizations received funds through a request for proposals process. This program began in FY 2010 with \$700,000.

The requested increase for this category reflects the end of a federal prekindergarten expansion grant; the Department was awarded \$19.0 million for FY 2016 through FY 2020 to expand access to high quality preschools for low and moderate income families. The grant is discussed separately. The request would fully fund the 60 classrooms currently supported by both state and federal funds.

The Governor recommends total funding of \$15.6 million, which is \$8.2 million more than enacted from all sources and \$9.3 million more from general revenues. The recommendation includes \$11.3 million to full-fund the 60 classrooms for FY 2020 and \$0.7 million for contracted services, including program evaluation and professional development. The Governor also submitted legislation in Article 10 of 2019-H 5151 to expand the number of prekindergarten classrooms “until every family who wants a high-quality, prekindergarten seat for their four-year-old has one.” She includes \$3.2 million to fund additional classrooms, as well as \$0.4 million and authorization for 4.0 new full-time equivalent positions to oversee the proposed universal prekindergarten program. It should be noted that the legislation does not limit classroom expansion to the appropriation.

As part of the Governor’s proposed universal prekindergarten initiative, 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.

High Cost Special Education. The Council requests \$8.5 million for high-cost special education students as part of the education funding formula, which is \$4.0 million more than enacted. The formula allows for additional resources for specific purposes. The state assumes the costs related to high cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Department 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.

In 2017, the Assembly enacted legislation requiring the Department to collect data on those special education costs that exceed two and three times the per pupil amount. The Department experienced issues with data collection and its survey methodology in FY 2018. It then reported that the information would be available at the start of the 2018-2019 school year; however, collection was not completed and reported until January 2019. *The Governor recommends \$4.5 million, consistent with the enacted budget.*

Non-Public School Transportation Aid. The Council requests \$3.9 million for non-public school transportation categorical funding, \$0.8 million more than enacted. The funding formula allows for additional resources from the state for specific purposes. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. The Department 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.

Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Department then divided and separately distributed funding for non-public and regional school transportation. The funds were divided based on each category’s share of total transportation costs. The 2017 Assembly enacted legislation creating two distinct categories of aid, one for non-public transportation and one for regional school districts. *The Governor recommends the enacted level of funding.*

Regional School District Transportation Aid. The Council requests \$4.8 million for regional school district transportation categorical funding, \$0.5 million more than enacted. The funding formula allows for additional resources from the state for specific purposes. The state provides funding to mitigate the excess

costs associated with transporting students within regional school districts. The state and regional school districts share equally the student transportation costs net any federal sources of revenue for these expenditures. The Department 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.

Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Department then divided and separately distributed funding for non-public and regional school transportation. The funds were divided based on each category's share of total transportation costs. The 2017 Assembly enacted legislation creating two distinct categories of aid, one for non-public transportation and one for regional school districts. *The Governor recommends the enacted level of funding.*

English Language Learner Aid. The Council requests \$8.6 million for English language learner categorical funding, which is \$5.9 million more than enacted. In 2016, the Governor proposed \$2.5 million for a new category of funding to support English language learners that are in the most intensive programs. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio subject to appropriation, for students based on criteria determined by the Commissioner, up to a total of \$5.0 million for FY 2018 and beyond. This recommendation emerged from the Governor's funding formula working group. The 2016 Assembly provided \$2.5 million for FY 2017 only. In 2017, the Assembly enacted legislation establishing a permanent category of aid for English language learners. *The Governor recommends total funding of \$5.0 million, which is \$2.3 million more than enacted and \$3.6 million less than requested.*

School Resource Officer Support. The Council requests \$2.0 million from general revenues for school resource officer categorical funding, consistent with the enacted budget. The 2018 Assembly established a voluntary pilot program for a new category of education aid to support new school resource officers for a period of three years beginning in FY 2019. Funding is used to reimburse school districts or municipalities one-half of the total cost of employing new officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students are not be eligible for reimbursement.

As of December 4, 2018, reimbursement requests total \$213,255 for four new school resource officers hired by three school districts. A fourth district applied but delayed its request to FY 2020. *The Governor recommends \$1.0 million less than requested based on program participation through December 2018.*

School Housing Aid. The Council requests \$80.0 million from general revenues for school housing aid. This includes \$79.0 million from general revenues for the traditional program and \$1.0 million for the School Building Authority Capital Fund. Compared to the enacted budget, the request shifts \$9.5 million from the capital fund to the traditional program reflecting anticipated housing aid distributions. Current law requires that the difference between the annual housing aid appropriation and actual aid go to the Fund; therefore, funding for capital projects may be revised to reflect actual aid distribution.

The enacted budget includes a provision for FY 2019 and FY 2020 that the difference between the annual housing aid appropriation and actual aid be used to provide technical assistance to districts. For FY 2019, the School Building Authority anticipates distributing \$4.1 million for technical assistance. Through November 2018, \$1.6 million has been committed.

On the November 2018 ballot, voters approved \$250.0 million from general obligation bonds to be used to support the traditional housing aid program. By approving the ballot measure, voters also triggered several temporary incentives that can increase the state's share of local districts' new construction and renovation projects. Districts may be eligible for share ratio increases of up to 20.0 percent for projects that address health and safety deficiencies, specific subject areas, and replacing and consolidating facilities.

The Governor recommends funding as requested. It should be noted that the out-year estimates included with the budget recommendation do not include additional costs through the standard state appropriation. As the state's share will temporarily increase through the incentives unlocked with the passage of the bond measure, additional funding will be needed to reimburse these projects beyond the \$80.0 million assumed annually in the Governor's projections. The recommended capital budget includes an additional \$250.0 million of general obligation bonds to be submitted to the voters on the November 2022 ballot and programs \$50.0 million from the second bond in FY 2024 and the remaining in the post-FY 2024 period.

School Housing Aid Administration (1.0 FTE). The Council requests \$1.1 million from restricted receipts, \$0.4 million more than enacted, for administration of the school construction program. The request includes \$0.1 million and authorization for a new school construction specialist position, \$0.2 million to fill an authorized, unfunded position, and \$0.1 million for the new director position, which was filled at a higher salary than assumed in the enacted budget. The enacted budget assumed a total of four positions to support the program and funded the positions from new restricted receipts to be collected from the Rhode Island Health and Educational Building Corporation. Receipts are drawn from the Corporation's reserve funding, which is a finite resource and may not be a viable funding source for this program going forward.

The Department's constrained budget excludes funding and authorization for the new position. *The Governor recommends total funding of \$0.9 million, \$0.2 million less than requested. The recommendation includes \$0.8 million for the four currently filled positions, as well as \$0.1 million and authorization for the new position. The Governor does not restore funding for the authorized, unfunded position.*

Teacher Retirement. The Council requests \$114.6 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of \$8.4 million to the FY 2019 enacted level based on FY 2020 rates and a 3.0 percent assumed growth in teacher payroll. Teachers contribute 8.75 percent of their salary, which is set in the General Laws. Employers pay the difference between the teacher's share and the amount needed to support the system as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. The 2015 Assembly passed legislation to codify the settlement arising out of a challenge to the 2011 pension changes that reduced benefits. It also allows municipalities to re-amortize unfunded liability for four additional years; the state portion of teacher retirement costs cannot be re-amortized. *The Governor recommends \$2.2 million less than requested, which assumes payroll growth of 2.0 percent. This is \$5.6 million more than the revised budget recommendation.*

Education Telecommunication Access Fund. The Council requests \$1.4 million, including \$0.4 million from general revenues and \$1.0 million from restricted receipts, to fund the education telecommunications access fund and related salaries and benefits for FY 2020. This is \$0.2 million less than enacted from restricted receipts to reflect actual FY 2018 receipts and expenses. The recent upgrades to the technology infrastructure in classrooms throughout the state and programs built from Race to the Top funds have increased the availability and usage of internet services by both teachers and students.

The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line, supported by general revenues when surcharge revenues are insufficient. The federal allocation varies based on the result of the local education agencies' technology surveys and applications as well as the number of students eligible for free and reduced price lunches.

Based on FY 2018 actual collections, the Department estimates it will collect \$1.0 million from the monthly surcharge levied upon each residence and business telephone access line, consistent with the revised request. *The Governor recommends \$7,777 less than requested from general revenues from a statewide proposal to reduce the cost of certain commodities.*

School Breakfast. The Council requests the enacted level of \$270,000 from general revenues for the administrative cost reimbursement to districts for the school breakfast program. 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. *The Governor recommends funding as requested.*

The Governor also 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.

Textbook Reimbursement. The Council requests the enacted level of \$240,000 from general revenues for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. In FY 2018, final program expenditures were \$88,960. *The Governor recommends funding as requested.*

Statewide Student Transportation. The Council requests \$25.2 million from restricted receipts for the statewide transportation system, which is \$1.6 million more than enacted. Restricted receipts are collected from districts for transportation expenditures, less aid provided through the transportation categorical fund. Additional receipts are required to support higher utilization by local education agencies for out-of-district transportation for students attending charter schools, vocational schools, and special education programs.

The 2009 Assembly adopted legislation mandating the use of a statewide transportation system for special needs students and the eventual implementation of the transportation system for all students; this has been implemented for special needs students and out-of-district transportation. Districts reimburse the state for its share of the cost, offsetting this expenditure. All fees paid for transportation services under the statewide system are paid into a restricted receipt account created by the 2010 Assembly as part of the FY 2010 revised budget and exempted from the 10.0 percent indirect cost recovery. The legislation allows the Commissioner of Elementary and Secondary Education to grant a variance to the requirement for the purchase of transportation services through the statewide transportation system for non-public and non-shared routes if an alternative system is more cost effective. The Department has indicated that some districts are able to transport their non-public students at a cheaper cost than through the statewide system. *The Governor recommends funding as requested.*

Recovery High Schools. The Council requests the enacted amount of \$0.5 million from general revenues to continue to support the state's recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The 2016 Assembly enacted legislation to provide state support to the state's recovery high school for FY 2017 only. The legislation also removed districts from the enrollment process and changed the local tuition payments from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed language in the legislation that limited funding to FY 2017 only. *The Governor recommends funding as requested.*

Advanced Placement Test Waivers. The Council requests the enacted amount of \$80,000 from all sources of funds for Advanced Placement test fee waivers, including \$25,000 from general revenues and \$55,000 from federal Every Student Succeeds Act block grant funds. The Department offers fee waivers of \$38 per test for qualifying low-income students and, when coupled with the College Board's \$32 per test fee waiver and schools foregoing their \$9 per test rebate, allows low-income students to pay \$15 per test. The full price of each exam is \$94. In FY 2018, the Department spent \$88,659, including \$23,200 from general

revenues and \$65,459 from federal funds. In FY 2017, it spent \$79,433, and in FY 2016, it spent \$75,564. *The Governor recommends funding as requested.*

SAT/PSAT. The Council requests \$0.6 million from all sources of funds to continue to provide free SAT and PSAT testing to public high school students, consistent with the enacted budget. Beginning in FY 2018, the PSAT and SAT replaced the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment at the high school level. Meanwhile, the Rhode Island Comprehensive Assessment System (RICAS) replaced PARCC at the elementary and middle school levels.

The 2016 Assembly approved the use of \$0.5 million from general revenues for FY 2017 for a new initiative to provide the PSAT and SAT for free to all Rhode Island public high school students. Under this initiative, sophomores may take the PSAT and juniors may take the SAT at no cost. The initiative was intended to increase test participation to 100 percent by providing the test during the school day. In the final FY 2017 budget, \$133,600 from federal funds were added to reflect the Department's contract with the College Board, established in October 2016 and valid through FY 2020. The contract allows the Department to purchase up to 11,000 of each test at a discounted price of \$12 per PSAT (regularly \$16 each) and \$45.60 per SAT with essay (regularly \$64.50). The Department reports, however, that tests purchased above the contracted amount will still receive the discounted rate. It should be noted that while the Department must pay for each SAT ordered, it does not pay for unused PSAT tests as the College Board reuses this test booklet. *The Governor recommends funding as requested.*

Advanced Coursework Network. The Council requests \$0.5 million from all sources to support its advanced coursework network initiative. Consistent with the enacted budget, this includes \$0.3 million from permanent school funds and \$0.2 million from general revenues. There are currently 47 members participating in the network, including public school districts, charter schools, and state schools, with courses offered by nine provider organizations. Provider organizations include other school districts, non-profits, and postsecondary institutions. Courses include advanced science and mathematics as well as Advanced Placement, world language, career-focused, and other PrepareRI courses that offer other high school and postsecondary credit (i.e., dual or concurrent enrollment). The network covers costs associated with student tuition, fees, exams, textbooks, and other costs that students may incur while participating in the network. It should be noted that the enacted budget includes \$1.8 million for the dual and concurrent enrollment program through the Office of Postsecondary Commissioner.

The Governor recommends \$250,000 more than requested, including \$50,000 from general revenues and \$200,000 from permanent school funds, exhausting the fund's available balance. This appears to be a one-time increase for the program as the Governor's out-year projections do not replace the permanent school funds with another source of funding. General revenues will likely be required to maintain this level of funding beyond FY 2020. The Governor also includes an additional \$0.5 million for the dual and concurrent enrollment program in the Office of Postsecondary Commissioner's budget.

Teacher Evaluation and Assessment Tools. Consistent with previous requests, the Council requests \$290,000 from general revenues for two initiatives previously funded through federal Race to the Top funds. This request is consistent with the Department's FY 2016, FY 2017, FY 2018 and FY 2019 requests; the Assembly did not provide the general revenue funding. The request includes \$140,000 to continue teacher evaluation support systems implemented with Race to the Top funds. The request includes funding for maintenance of the software that provides local education agencies with access to roster verification, schedules observations, and keeps track of evaluation ratings. It is linked to the teacher certification system. The Department has previously reported that if the funding is not provided, the local education agencies would have to replace the funds or the evaluation system would cease to operate.

The request also includes \$150,000 for the annual license fee to maintain student assessment tools, trainings and supports for teachers and local education agencies throughout the state. These funds would assist

teachers by providing updated itemized development information for assessment training and data analysis, which is used by teachers to assess and address the strengths and weaknesses of the students and access tools to help make improvements to student success. The Department has previously reported that if the state does not continue to fund the upkeep and licensure requirements, the local education agencies would have to replace the funds, or the evaluation system would cease to operate, which would impact the local education agencies.

The Council's constrained request excludes this funding. *The Governor does not recommend the funding.*

Science Curriculum Specialist (1.0 FTE). The Council requests \$0.1 million from general revenues and authorization for 1.0 full-time equivalent position to assist local education agencies with implementation of Next Generation Science Standards and science, technology, engineering and mathematics integration. The position would also support the development and administration of the state science assessment, as well as support schools and districts in understanding assessment data to inform instruction. This would be its second position dedicated to science curriculum. It previously requested funding for this position for FY 2019, but that was not funded.

The Council's constrained request excludes the requested funding and authorization. *The Governor does not recommend funding or the position.*

English Language Learners (1.0 FTE). The Council requests \$0.2 million from general revenues and authorization for a new full-time equivalent position to support English language learner education. The request includes \$0.1 million to support a new English language learner and world language leadership administrative position and \$60,000 to support the implementation of English language acquisition resources at the school level. The funds will target specific training for school personnel and support schools in the implementation of the new U.S. Department of Education toolkits for teaching English learners. It will augment state funds with federal funds in order to complete the trainings.

The administrative position would help support school personnel in the implementation of proposed English language learner regulations and support the growth of world language and dual language offerings in Rhode Island schools. The request assumes the position will be filled at the start of the fiscal year. The Department previously requested authorization for this position for FY 2018 and FY 2019. For FY 2018, the Governor recommended the position be filled within the existing authorization and resources. The Assembly concurred.

The Council's constrained request excludes the requested funding and authorization. *The Governor does not recommend funding or the position.*

Career Education Specialist (1.0 FTE). The Council requests \$0.1 million from general revenues and authorization for a new career education specialist. The Department currently has a fellow leading its PrepareRI initiative, which seeks to expand career and technical education programs and work-based learning in schools. The fellow is supported by a New Skills for Youth grant, which will expire on December 31, 2019. The Council's request would replace the fellowship with a new, permanent position.

The Council's constrained request excludes the requested funding and authorization. *The Governor does not recommend funding or the position.*

Adolescent Health and Achievement (1.0 FTE). Consistent with its revised request, the Council requests authorization to spend \$1.8 million from new federal funds and authorization for one new full-time equivalent position. In FY 2019, the Department was awarded a five-year, \$9.0 million grant from the federal Department of Health and Human Services to support adolescent health and academic achievement, specifically regarding mental health issues. Funding will be used to promote mental health awareness

among schools and communities and to improve connections to services for school-age youth and their families.

It is worth noting that the Department regularly has over 20 vacancies in any given pay period and could use an existing vacancy to fill the position required for this grant as it is not permanent.

The Council's constrained request excludes \$0.1 million and authorization for the requested position; however, this appears to be an error as the position would be hired in FY 2019 from federal funds. *The Governor recommends funding and authorization for the new position. The budget also includes \$0.6 million from general revenues to support mental and behavioral health training, curricula, and other materials for educators.*

School Climate Transformation Grant (1.0 FTE). Subsequent to submitting its budget request, the Department was awarded a five-year \$2.5 million federal School Climate Transformation Grant. Funding will be used to support districts in expanding programs that address student social, emotional and behavioral needs. Participating schools would conduct needs assessments and develop plans that are tailored to their student population. Grant partners would then provide professional development and training to educators in order to expand and connect intervention efforts. *The Governor's recommended budget includes \$0.6 million from the new grant and includes authorization for 1.0 full-time equivalent position to coordinate and oversee the program.*

PrepareRI School Counselor Fellow. The Council requests \$0.2 million from general revenues to support a new fellowship and professional learning for all public school counselors. The Department will partner with the Rhode Island School Counselor Association to provide professional development in each school to build capacity for school counselors to utilize tools developed through the PrepareRI initiative. The Department previously included funding for this fellowship in its FY 2019 request but was not funded.

The Council's constrained request excludes the requested funding and authorization. *The Governor does not recommend funding or the position.*

Computer Science Support (CS4RI). The Council requests \$0.3 million from general revenues for its computer science initiative, which is \$50,000 more than enacted and consistent with prior year requests. Funding will be used to provide public high school students with post-secondary credentials related to computer science, as well continue to support professional development in teaching computer science. The Department projects that more than 1,700 students will earn a computer science advanced placement or dual enrollment credit during FY 2019 and expects the number will increase in FY 2020.

Computer Science for Rhode Island initially began with the Office of Innovation, located at Rhode Island College. FY 2017 was the first year of state funding for this program, with funds budgeted in the Department of Elementary and Secondary Education. The Department would then pass program funding to the College, and the Office of Innovation would subsequently distribute funding to support local area schools and to Brown University to support various computer science programs throughout the state. For FY 2019, funding remained with the Department.

The Council's constrained request excludes the additional funding. *The Governor recommends funding as requested.*

Commissioner's Office Restructure. The Council requests \$33,278 from general revenues to improve communications and outreach efforts regarding restructuring of the Commissioner's Office. Similar funding was included in its FY 2019 request but was not provided. The Department has not returned requests for information on what outreach or communication would be conducted and why additional

operating costs would be needed to do so. According to the Budget Office, the Commissioner has completed the restructuring of the Office, so it is not clear why funding would be needed in FY 2020.

The Council's constrained request excludes this funding. *The Governor does not include the funding.*

Technology Improvements. The Council requests \$0.4 million from general revenues for a new project to upgrade or replace the servers at the Department of Elementary and Secondary Education. It reports that current equipment is at the end of its useful life and is in need of either refreshing existing servers and equipment or purchasing new equipment. It did not include funding in its capital budget request for this project, though Information Technology Investment funds may be an appropriate source of funding for it. This project does not appear among the \$10.9 million of projects the Division of Information Technology has scheduled for FY 2020 from the fund.

The Council's constrained request excludes this funding. *The Governor does not include the funding.*

Compensation Study. The Council requests \$40,000 from general revenues to conduct a compensation study of the Department's pay grades in alignment with their respective job descriptions. It reports that it is obligated to perform this study as a result of recent contract negotiations with its employee union. Funding for this study was previously requested in its FY 2019 budget, but not funded.

The Council's constrained request excludes this funding. *The Governor does not include the funding.*

Curriculum Development. Consistent with the enacted budget, the Council requests \$100,000 from general revenues for investments in high quality early learning curriculum. Funding is used to purchase materials and provide coaching services, as well as for curriculum development and tools to implement the curriculum. *The Governor recommends a total of \$200,000 to assist local education agencies with implementing high quality curriculum. Funding would supplement existing efforts as well as help districts evaluate and select curriculum, and address specific needs of students with disabilities.*

Shepard Building Parking. Consistent with the enacted budget, the Council requests \$251,900 from general revenues for two parking contracts. The Department's office, located in the Shepard Building at 255 Westminster Street in Providence, does not have its own parking area accessible for employees or visitors. It contracts with the Rhode Island Convention Center Authority to provide parking at no cost to its employees; it does not validate parking for visitors. It also contracts for accessible parking at 122 Mathewson Street for staff and visitors with disabilities.

For FY 2018, actual total costs were \$258,950, only \$33,601 of which was charged to the Department. In order to stay within the general revenue appropriation, after the close of the fiscal year, \$225,349 in general revenue expenditures for Shepard Building parking was charged to the Department of Administration. *The Governor recommends funding as requested.*

Nutrition Grants. The Council requests authorization to spend \$57.3 million, or \$1.5 million less than enacted, from federal nutrition program funds, reflecting anticipated program participation and federal reimbursement. This is consistent with its revised FY 2019 request. Schools are reimbursed for each free and reduced price meal served; however, schools with at least 40.0 percent of students eligible for free meals may participate in the Community Eligibility Provision. The provision allows schools to receive a formula-based reimbursement as long as free breakfasts and lunches are served to all students in a four-year cycle and schools agree not to collect household applications for school meal programs. Schools receive the maximum meal reimbursement for the percentage of students certified for free meals without the use of household applications, and a reduced rate for all other students. In FY 2019, 34 schools are participating in the provision, which is 34.4 percent of eligible schools.

The Governor recommends funding as requested. She also includes legislation to expand the number of schools offering free breakfast after the school day has started and to expand the number of schools participating the Community Eligibility Provision. Expansion of the programs may allow eligible schools to leverage additional federal nutrition program funding.

Special Education Grants. The Council requests authorization to spend \$47.2 million, or \$2.0 million less than enacted, from federal special education funds to reflect updated awards and reduced availability of carry-forward funds from prior years. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free, appropriate public education, including special education and related services. *The Governor recommends funding as requested.*

Title I Grants. The Council requests authorization to spend \$56.0 million from federal Title I funds. This is \$1.6 million more than enacted and \$0.1 million less than the revised request, reflecting updated anticipated awards and available carry-forward funds. Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommends \$0.3 million more than requested, reflecting available carry-forward funds.*

Every Student Succeeds Act Block Grant. The Council requests authorization to spend \$5.4 million from federal Title IV Part A funds, or the Every Student Succeeds Act (ESSA) block grant. The request is \$3.6 million more than enacted, reflecting updated award information. Most block grant funds go directly to local schools, where they are used to help schools close the achievement gap through investments in technology, to improve school conditions for student learning, and to provide all students with access to a well-rounded education. Block grant distributions are based on Title I calculations, which use four distinct formulas based upon different levels of poverty. *The Governor recommends funding as requested.*

State Assessments. The Council requests authorization to spend \$4.5 million from federal grants for state assessments, essentially consistent with the enacted budget. This grant is used to support the development of the additional state assessments and standards required by federal law. The grant is also used to support the administration of those assessments or to carry out other activities related to ensuring that the state's schools and local education agencies are held accountable for results.

Of the requested state assessment grant, \$2.1 million will be spent in each FY 2019 and FY 2020 for the Rhode Island Comprehensive Assessment System (RICAS) which is the state test for English language arts and mathematics for grades three through eight. The total cost of the test is \$2.7 million in each year, which includes \$590,000 from general revenues. The state has contracted with Pearson Education, Inc. to provide the test and various educational supports for five years, with two optional one-year extensions. The Department retains the testing contract and pays all related expenses, though districts can choose to provide the test digitally or paper-based. *The Governor recommends funding as requested.*

ServeRI. The Council requests \$3.0 million from federal funds reflecting the transfer of the ServeRI program from the Rhode Island Service Alliance to the Department of Elementary and Secondary Education in FY 2019. The program was established by the 1994 Assembly to administer the federally funded AmeriCorps program, including AmeriCorps Vista and City Year. The enacted budget includes funding for staffing and operating costs, as well as authorization for a new full-time equivalent position to oversee the implementation of the program. The request is \$0.5 million less than enacted and consistent with actual FY 2018 funding for the program. *The Governor recommends funding as requested.*

Adult Education Grants. The Council requests \$7.8 million for adult education grants from multiple sources, \$0.2 million more from federal funds than enacted and consistent with the revised request. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and high school drop outs aged 16 and older. Approximately 6,000 students participate in these programs with 25 percent of the program attendees for GED preparation services, 50 percent for English language learner services, and 25 percent for low level literacy services. *The Governor recommends funding as requested.*

Early Childhood/Preschool. The Council requests authorization to spend \$1.5 million from federal funds for early childhood and preschool programs, which is \$4.2 million less than enacted. The request includes \$0.1 million from an annual, on-going award in addition to \$1.4 million from available carry-forward funding from a multi-year award for preschools. The preschool development grant supported the expansion of high-quality preschool programs in high-need communities. It expanded programs by both accelerating the existing state expansion plan and leveraging the federal dollars to achieve increased access for eligible children in seven high-need communities that have more than 50 percent of children enrolled in free and reduced price lunch. Funding was also used to improve processes and supports that ensure the quality implementation of the program, including attention to increasing monitoring capacity, technical assistance to program sites and the implementation of a rigorous program evaluation.

The Department was awarded total grant funding of \$19.0 million through FY 2019 and, combined with state funding through the early childhood categorical, was able to support up to 60 preschool classrooms. As the preschool development grant is ending, the Department has requested \$4.6 million more for the early childhood categorical aid in order to maintain its current 60 preschool classrooms. *The Governor recommends funding as requested.*

Nellie Mae Grant. Consistent with its revised request, the Council requests \$0.2 million from a two-year grant awarded by the Nellie Mae Education Foundation. According to the grant award, funding will be used to develop graduation proficiencies and align performance markers with core content areas, such as mathematics, science, and social studies. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Council's request includes \$19.4 million for the Department's other 130.1 administrative positions. This is \$0.8 million more than enacted, including \$0.5 million more from general revenues to reflect current service adjustments and appears to restore some turnover equivalent to about five positions. The request also includes \$0.2 million more from federal funding, reflecting several grant adjustments, and \$0.1 million from restricted receipts.

The FY 2019 enacted budget assumed turnover equivalent to 6.6 full-time equivalent positions. The FY 2020 request includes turnover equivalent to 1.5 positions. Of the \$12.8 million requested from general revenues for personnel expenses, \$1.6 million or 12.5 percent is for the Commissioner of Education and his immediate staff, \$1.0 million or 7.9 percent is for five legal staff, \$1.6 million or 12.5 percent is for assessment and instructional specialists, \$2.6 million or 20.4 percent is for data and database administration, web application specialists and other information technology positions, and \$1.0 million is for educational specialists. *The Governor includes general revenue savings of \$81,112 from statewide benefit adjustments and concurs with the remainder of the request. It should be noted the recommendation does not include benefit adjustments for positions funded from federal sources or restricted receipts.*

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

receiving these services are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the Council's request includes \$115,905 from general revenues for the Department's share of centralized information technology services. *The Governor recommends \$6,713 more than requested based on billings through November, which is \$34,609 more than spent in FY 2018. This is consistent with her revised FY 2019 recommendation.*

Other Grants and Programming. The Council requests \$31.8 million from all funds for all other grants and programming, including \$8.1 million from general revenues. The request is \$1.1 million less than enacted, including \$47,000 less from general revenues and \$1.1 million less from federal funds. Federal fund changes primarily reflect the end of two grant awards, one for professional development in math and science and another that was used to help districts and schools enhance student academic and behavioral outcomes. The request includes expenditures of \$5.0 million from general revenues, \$25.9 million from federal funds, and \$0.9 million from restricted receipts. Nearly half of general revenue expenses are for contracted services, including legal services, state testing, support for the Development of the RI Model of Educator Evaluation, the Uniform Chart of Accounts, and the surrogate parent program at Rhode Island College. *The Governor recommends \$0.1 million more than requested, reflecting \$0.2 million more from available federal Title II funding, offset by general revenue savings of \$53,867 from three separate statewide initiatives to reduce operating costs.*

Met School Capital. The Council requests the enacted amount of \$0.3 million from Rhode Island Capital Plan funds for asset protection projects at the Metropolitan Career and Technical School. This is consistent with the capital request. *The Governor recommends funding as requested; a detailed description of these projects is included in the Capital Budget section of the analysis.*

Davies Career and Technical School

Funding Formula. The Council requests \$18.9 million from all sources, including \$13.7 million from general revenues to fund the Davies Career and Technical School for FY 2020, the ninth year of the funding formula. Total funding is essentially consistent with the enacted budget; however, expenses are shifted among sources of funds. The request includes \$0.1 million more from federal funds and \$36,894 from general revenues, offset by a \$0.1 million reduction from restricted receipts. Beginning with FY 2012, Davies falls under the education funding formula and state funding is determined by the funding formula calculation just as any other local education agency. Using enrollments of 848 and free and reduced price lunch students of 508, total formula aid is projected to be \$8.8 million, or approximately \$0.6 million less than FY 2019 enacted aid. This decrease will be transitioned over the remaining year of the ten-year transition plan. The decrease in formula aid is offset by a like increase in stabilization funding.

The 2016 Assembly enacted a stabilization fund for state schools in order to mitigate some of the losses in funding from the implementation of the funding formula, providing \$4.2 million in additional funding for Davies in FY 2019. *The Governor recommends \$100,000 more than requested from a Rhode Island Commerce Corporation P-Tech grant awarded in FY 2017. Grant funding will allow Davies to market its technical programs and support teacher externships.*

Capital. The Council's request includes \$5.3 million from Rhode Island Capital Plan funds for capital projects at the Davies Career and Technical School. This is \$1.7 million more than enacted, and \$5.0 million more than the capital budget request as it shifts the funding source for the first year of a new construction project from Certificates of Participation to Rhode Island Capital Plan funds in order to begin drafting its design. *The Governor excludes funding for the new project and includes the requested funding for the school's heating, ventilation, and cooling project. A detailed description of these projects is included in the Capital Budget section of the analysis.*

Rhode Island School for the Deaf

Speech Language Pathologist (1.0 FTE). The Council requests \$0.1 million from general revenues and authorization for a new full-time equivalent speech pathologist for the School for the Deaf. The School employs two speech pathologists and contracts with ADIL for another. The School reports that rising student enrollment has exhausted the current staff's caseload capacity. Each student at the School has an Individualized Education Plan, and within each student's plan is a requirement for speech pathology, though the level of required services vary by student. The additional position would address rising caseloads and ensure students receive all services required by their education plans. *The Governor does not recommend funding or the position.*

Other Salaries and Benefits. The Council's budget request contains \$6.9 million in salary and benefit expenditures for 60.0 full-time equivalent positions at the school, which is \$0.5 million more than enacted from general revenues. This includes \$0.3 million for salaries and benefits to restore turnover equivalent to 3.1 full-time positions, nearly all that was assumed in the enacted budget. Student population has increased 30.7 percent from 62 in 2015 to 81 in November 2018. The School reports that hiring additional staff is required to support increasing enrollment. *The Governor recommends \$0.2 million more than enacted, or \$0.3 million less than requested. It restores turnover equivalent to 1.7 full-time equivalent positions and includes general revenue savings of \$59,737 from statewide benefit adjustments. It should be noted the recommendation does not include benefit adjustments for positions funded from federal sources or restricted receipts.*

Other Operations. The Council requests \$1.5 million for all other operating expenditures for the School for the Deaf, including \$0.8 million from general revenues. The request is \$43,108 more than enacted, reflecting \$0.1 million more from general revenues offset by reductions from federal funds and restricted receipts. The request for general revenues primarily reflects additional funding for building maintenance and utilities based on FY 2018 expenses. Compared to the revised request, expenditures include \$10,000 less for contracted legal services which assumes grievances currently in arbitration will be resolved by FY 2020, and \$9,811 less for maintenance expenditures that are not expected to reoccur. *The Governor recommends \$32,564 less than requested from general revenues, including \$20,063 from three separate statewide initiatives to reduce operating costs.*

Capital. The Council requests the enacted amount of \$50,000 from Rhode Island Capital Plan funds for asset protection projects at the Rhode Island School for the Deaf, which is consistent with the capital request. *The Governor recommends funding as requested. A detailed description of these projects is included in the Capital Budget section of the analysis.*

Public Higher Education

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Office of Postsecondary Comm.	\$ 39,298,624	\$ 40,206,228	\$ 42,348,505	\$ 45,957,809
University of Rhode Island	802,780,487	808,905,883	833,937,720	834,180,130
Rhode Island College	199,862,700	202,265,988	202,789,504	201,997,383
Community College of RI	165,632,706	163,313,286	166,135,212	168,164,212
Total	\$ 1,207,574,517	\$ 1,214,691,385	\$ 1,245,210,941	\$ 1,250,299,534
Expenditures by Category				
Salaries and Benefits	\$ 527,360,343	\$ 540,313,396	\$ 563,527,800	\$ 562,595,164
Contracted Services	28,272,807	29,332,525	30,340,283	30,340,283
Subtotal	\$ 555,633,150	\$ 569,645,921	\$ 593,868,083	\$ 592,935,447
Other State Operations	218,480,069	206,960,475	212,949,633	215,711,814
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	324,095,781	315,894,300	325,237,828	328,520,049
Capital	50,924,985	58,012,395	47,934,091	42,451,929
Capital Debt Service	58,440,532	64,178,294	65,221,306	70,680,295
Operating Transfers	-	-	-	-
Total	\$ 1,207,574,517	\$ 1,214,691,385	\$ 1,245,210,941	\$ 1,250,299,534
Sources of Funds				
General Revenue	\$ 230,093,700	\$ 233,869,330	\$ 250,289,816	\$ 244,302,858
Federal Aid	7,924,589	8,253,542	8,000,000	14,853,141
Restricted Receipts	2,679,609	3,478,357	2,878,285	3,386,377
Other	966,876,619	969,090,156	984,042,840	987,757,158
Total	\$ 1,207,574,517	\$ 1,214,691,385	\$ 1,245,210,941	\$ 1,250,299,534
Uses of Funds				
Unrestricted Use Funds	\$ 732,909,442	\$ 741,034,071	\$ 773,390,763	\$ 780,191,117
Restricted Use Funds	474,665,075	473,657,314	471,820,178	470,108,417
Total	\$ 1,207,574,517	\$ 1,214,691,385	\$ 1,245,210,941	\$ 1,250,299,534
FTE Authorization				
	3,605.5	3,343.3	3,615.5	3,345.3
<i>Limited to Third Party Funds</i>	788.8	606.0	788.8	606.0
<i>Limited to Auxiliary Enterprises</i>	-	445.0	-	445.0
Total Authorized Positions	4,394.3	4,394.3	4,404.3	4,396.3

Summary. The Council on Postsecondary Education requests \$1,245.2 million from all funds, including \$250.3 million from general revenues. This is \$37.6 million more than enacted from all sources, including \$20.2 million more in general revenue support, \$5.7 million more from other unrestricted sources and \$2.8 million less from restricted sources. The request includes \$773.4 million from unrestricted use funds and \$471.8 million from restricted use funds. The unrestricted request represents 3.0 percent growth over FY 2019 revised expenditure projections; the restricted request represents 0.1 percent growth.

The Governor recommends \$1,250.3 million from all sources, which is \$42.7 million more than enacted and \$5.1 million more than requested. She recommends \$244.3 million from general revenues, which is \$14.2 million more than enacted and \$6.0 million less than requested. Excluding debt service, general revenues are \$7.4 million more than enacted and \$11.4 million less than requested.

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. For Public Higher Education, several projects at the College and Community College were impacted resulting in an overall reduction to FY 2020 funding of \$1.0 million. Changes have been noted below where appropriate.

Target Issues. The Council submitted a current service budget in addition to the target budget required by the Budget Office. The Budget Office provided Public Higher Education with a general revenue target of \$233.3 million. The amount includes current service adjustments of \$13.0 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$9.8 million.

The constrained budget submitted by the agency is \$3.1 million above the target. The proposals to achieve the reductions are noted among the items described in each institution's section where appropriate. *The Governor's budget is \$11.0 million above target.*

FY 2020 Budget	Budget Office	Higher Education	Difference
FY 2019 Enacted	\$ 230,093,700	\$ 230,093,700	\$ -
Current Service Adjustments	12,982,134	14,996,438	2,014,304
New Initiatives	-	5,199,678	5,199,678
Change to FY 2019 Enacted	\$ 12,982,134	\$ 20,196,116	\$ 7,213,982
FY 2020 Current Service/Unconstrained Request	\$ 243,075,834	\$ 250,289,816	\$ 7,213,982
Target Reduction/Initiatives	(9,792,504)	(13,869,976)	(4,077,472)
FY 2020 Constrained Target/Request	\$ 233,283,330	\$ 236,419,840	\$ 3,136,510
<i>Change to FY 2019 Enacted</i>	\$ 3,189,630	\$ 6,326,140	\$ 3,136,510

Full-Time Equivalent Positions. The FY 2020 request includes authorization for 4,404.3 full-time equivalent positions, provided that 788.8 of those positions would be limited to third-party sources. This is 10.0 more than the enacted level, including 14.0 more positions at the University and 4.0 fewer positions at the Office of Postsecondary Commissioner. The 2004 Assembly changed its treatment of research-funded positions to provide the institutions' estimates of staffing needs associated with additional research grants and other third-party funds. Article 1 separately lists the authorization for each institution and the Office of Postsecondary Commissioner and indicates how many positions are reserved for third-party funded activities.

The Governor recommends staffing of 4,396.3 full-time equivalent positions, 2.0 more than enacted. This includes 3.0 new positions for the Westerly Higher Education Center and 1.0 new operations and facilities manager for the Northern Rhode Island Higher Education Center. The recommendation restores 2.0 of the 4.0 positions recently vacated after the transfer of guaranty agency operations to a successor agency made those positions no longer necessary; providing 2.0 new positions for the Office. Her recommendation does not include the additional positions requested by the University.

The Governor also recommends creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island, such as residence halls. Establishing this new limit would reduce the number of third-party funded positions from 622.8 to 440.0; allowing for 1,670 positions to

remain unrestricted. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

As of the pay period ending February 2, 2019, the system had 4,095.2 filled positions. This includes 54.8 vacancies in third-party funded positions and 244.3 others.

Current Year Revisions. Historically, the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives and approves from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees. The Council continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Council specifies as requested, staff analysis starts from the allocations.

The Governor recommends \$7.1 million more than enacted from all sources including \$3.8 million more from general revenues. This is \$3.4 million more than requested and includes \$5.6 million more for additional debt service for the University's College of Engineering Complex offset by \$1.8 million from statewide savings initiatives.

Higher Education Funding. Expenditures in Public Higher Education increased 37.4 percent during the period FY 2010 through FY 2019, which is an average annual rate of 3.7 percent. Public Higher Education would grow 39.6 percent if the Council's FY 2020 request were funded, which is an annual rate of 3.9 percent. It should be noted that beginning in FY 2007, debt service expenditures, which had been shown in the budget of the Department of Administration from FY 2000 through FY 2006, are again shown in Higher Education's budget. *The Governor's recommendation represents 41.0 percent growth during the FY 2010 through FY 2020 period, which is an annual rate of 4.1 percent.*

In Rhode Island, as in many other states, expenditures and sources for public higher education are generally broken into two categories: (1) *unrestricted* budget and (2) *restricted* budget. The distinction is extremely important to the understanding of public higher education funding.

Unrestricted Budget. The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, auxiliary indirect costs, a portion of research indirect costs, and miscellaneous revenue. The latter are the indirect costs added to research grants to reimburse the college or university for the items that must exist for research to occur, such as an accounting system, facilities, utilities, and so forth. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The Council's unrestricted budget includes \$773.4 million, of which \$250.3 million is from general revenues. The general revenue portion is \$20.2 million more than the FY 2019 enacted budget; other unrestricted sources increase \$20.3 million.

The Governor recommends \$780.2 million from unrestricted sources, which is \$47.3 million more than enacted and \$6.8 million more than requested. General revenues are \$14.2 million more than enacted and \$6.0 million less than requested and includes \$1.0 million in statewide savings and \$0.4 million for turnover savings within the Office of Postsecondary Commissioner. Excluding debt service, general revenues are \$11.4 million less than requested. Other unrestricted sources, including tuition and fees, are \$12.8 million

more than requested suggesting that the schools will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources.

Restricted Budget. The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, parking funds where they occur, and any other funds whose sources are limited to use for certain purposes. Federal funds, including sponsored research overhead, are considered restricted use; the traditional display in the Governor's budget presentation breaks them out separately. The Council's restricted budget includes \$471.8 million for FY 2020. This is a decrease of \$2.8 million to the enacted FY 2019 level. Compared to the revised allocation, the request is \$1.3 million less. *The Governor recommends \$470.1 million from restricted sources, which is \$4.6 million less than enacted and \$1.7 million less than requested, primarily to reflect adjustments to spending from Rhode Island Capital Plan funds.*

Salaries and Benefits. The Council requests \$563.5 million for salary and benefit expenditures, of which \$456.3 million is from unrestricted sources and \$107.2 million is from restricted sources. The request represents a \$36.2 million or 8.3 percent increase from the FY 2019 enacted level in unrestricted funding, and a \$1.0 million or 1.0 percent increase in restricted funding. Compared to the institutions' FY 2019 revised projections, the unrestricted increase is \$19.5 million or 4.5 percent more and restricted funding increases by \$1.8 million or 1.7 percent. The Council's request includes benefit adjustments consistent with Budget Office planning values, funding for 9.0 new unrestricted positions at the University and 5.0 new positions at the University funded from third-party funds, as well as additional funding for settled and ongoing contract negotiations. *The Governor recommends \$0.9 million less than requested from all sources including \$1.0 million from general revenues from statewide benefit adjustments and \$0.4 million from general revenue turnover savings from the Office of Postsecondary Commissioner. Savings are offset by the addition of \$0.4 million from restricted receipts for new positions at the Westerly Higher Education Center. It also appears there are statewide savings from non-general revenue sources not taken.*

The Governor's recommendation also includes authorization for 3.0 new positions for the Westerly Higher Education Center, 1.0 new position for the proposed Northern Rhode Island 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 those positions no longer necessary; providing 2.0 new positions for the Office. Her recommendation does not include the additional positions requested by the University.

Contracted Services. The Council requests \$30.3 million for contracted services for FY 2020, of which \$19.4 million is from unrestricted sources and \$11.0 million is from restricted sources. This is \$2.1 million more than the enacted budget and \$1.0 million more than the FY 2019 revised allocation. Compared to the revised allocation, unrestricted sources increase \$0.9 million or 4.7 percent and restricted sources increase \$0.1 million or 1.2 percent. *The Governor recommends funding as requested.*

Operating Expenses. The Council requests \$212.9 million for operating expenditures for FY 2020, of which \$97.6 million is from unrestricted sources and \$115.3 million is from restricted sources. This is \$5.5 million less than the FY 2019 enacted budget. Compared to the institutions' FY 2019 revised projections, the unrestricted budget increases by \$5.8 million or 6.3 percent and the restricted budget increases by \$1.8 million or 1.6 percent. *The Governor recommends \$2.8 million less than enacted and \$2.8 million more than requested from all sources. This includes \$1.8 million more than requested from general revenues for the University's Online Education Program and \$1.0 million from unrestricted sources for unidentified operating expenses in an amount equal to statewide benefit savings. Her recommendation also includes \$60,010 less from general revenues for three statewide savings initiatives designed to reduce operating costs for the Office of Postsecondary Commissioner and \$71,000 more from a newly established restricted receipt account supported by State Authorization Reciprocity Agreement fees.*

Grants and Scholarships. The Council requests \$325.2 million for total grants and scholarships for FY 2020, an increase of \$1.1 million or 3.5 percent to the enacted FY 2019 budget and \$9.3 million or 3.7 percent to the revised allocation. The unrestricted budget accounts for \$149.8 million, an increase of \$8.2 million or 5.7 percent to the revised allocation. The restricted budget includes \$175.5 million, a 1.6 percent increase or \$1.1 million to the revised allocation.

The FY 2020 budget includes \$7.9 million for the third year of funding for the Rhode Island Promise Scholarship program at the Community College. The 2017 Assembly established the Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a “last dollar scholarship,” meaning that after a student exhausts all other sources of student aid the program covers the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020.

Total scholarships, grants, waivers and other aid from the three institutions would provide aid equal to 30.4 percent of the tuition and mandatory fees based on the Council’s current service budget. Revised FY 2019 estimates are for 31.4 percent. In FY 2018, that share was 29.4 percent. External student aid also includes the Ford Direct Student Loan and Parent Loan programs at the University. The University requested \$92.0 million related to the Ford Loans for FY 2020.

The Governor recommends \$3.3 million more than requested. This includes a \$2.1 million reduction to the Last Dollar Scholarship program primarily by removing the provision that private and non-profit higher education institutions are provided the lesser of 20.0 percent or \$2.0 million for scholarship awards. She also recommends \$5.3 million from guaranty agency reserve funds to expand Rhode Island Promise to Rhode Island College and include adult learners at the Community College. The funding recommendation includes \$2.4 million for scholarship awards at the College, \$2.0 million for scholarship awards at the Community College, and \$0.9 million for operating support for program development at the College. This expansion is similar to the Governor’s original Promise proposal from FY 2018, which included Rhode Island College and the University of Rhode Island. Funding after the initial expansion year would be supported by general revenues as guaranty agency reserve funds are a finite resource and will be exhausted by FY 2021.

Capital. The Council requests \$47.9 million in total expenditures for capital outlays and improvements for FY 2020. The request includes \$39.6 million from Rhode Island Capital Plan funds, of which \$20.2 million is for asset protection. *The Governor recommends \$8.5 million less than enacted and \$5.5 million less than requested. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

As previously noted, the funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier. For Public Higher Education, several projects at the College and the Community College were impacted resulting in an overall reduction to FY 2020 funding of \$1.0 million. Changes have been noted where appropriate.

Debt Service. The Council requests \$65.2 million for total debt service expenses for FY 2020. Of this total, \$43.7 million is unrestricted and is \$2.5 million more than the revised allocation and \$2.7 million more than enacted. General revenues are used to support general obligation bond debt service. *The Governor recommends \$12.2 million more than enacted from all sources, including \$6.8 million more than enacted or \$5.5 million more than requested from general revenues for debt service for the University’s College of Engineering Complex.*

Enrollment. FY 2020 enrollment, based on revised estimates, would be 30,178 full-time equivalent students, which is 1.4 percent less than the enacted FY 2019 level and 26 or 0.9 percent fewer than the revised estimates. Compared to FY 2019 revised estimates, the Council's FY 2020 estimates are 0.8 percent or 113 less at the University and include 125 less in-state and 12 more out-of-state students. The College projects FY 2020 enrollment of 6,432, which is 3 more than the enrollment assumptions in the revised budget. The Community College projects a 0.9 percent increase or 84 more students compared to enrollment assumptions in the revised budget. *The Governor's recommendation appears to reflect the Council's enrollment projections.*

Tuition and Fees. The Council's FY 2020 request includes \$469.4 million from tuition and fees. This represents a \$14.6 million or 3.2 percent increase in revenues over the FY 2019 enacted level, and is \$15.7 million or 3.4 percent more than the revised allocation. The Council on Postsecondary Education approved tuition rates for FY 2020 at its November 2018 meeting. These include in-state tuition and mandatory fee increases of 3.0 percent for the University, 7.3 percent for the College, and 3.0 percent for the Community College.

The University and the College indicated that tuition rate increases would be required to offset the general revenue reduction contained in the constrained budget instead of making expenditure reductions. The Council would have to approve new rates consistent with the constrained request. The Community College did not submit a constrained request.

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$12.8 million more than requested from tuition and fees or other unrestricted sources, suggesting that the schools will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. This gap appears to be the difference between requested general revenues and the amount recommended by the Governor, excluding debt service and statewide savings at the institutions.

Office of Postsecondary Commissioner

Office of Postsecondary Commissioner	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,955,027	\$ 3,918,375	\$ 4,321,818	\$ 4,362,738
Contracted Services	1,461,001	1,270,611	1,346,284	1,346,284
Subtotal	\$ 5,416,028	\$ 5,188,986	\$ 5,668,102	\$ 5,709,022
Other State Operating	4,845,834	4,977,573	5,114,833	5,040,084
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,709,287	22,118,042	24,222,345	27,504,566
Capital	6,156,975	6,751,127	6,175,475	6,536,387
Capital Debt Service	1,170,500	1,170,500	1,167,750	1,167,750
Operating Transfers	-	-	-	-
Total	\$ 39,298,624	\$ 40,206,228	\$ 42,348,505	\$ 45,957,809
Sources of Funds				
General Revenue	\$ 16,288,918	\$ 16,214,222	\$ 18,698,020	\$ 18,176,011
Tuition and Fees	3,204,732	2,961,848	3,034,680	3,034,680
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 19,493,650	\$ 19,176,070	\$ 21,732,700	\$ 21,210,691
Restricted	19,804,974	21,030,158	20,615,805	24,747,118
All Sources	\$ 39,298,624	\$ 40,206,228	\$ 42,348,505	\$ 45,957,809
FTE Authorizations				
	35.0	35.0	31.0	37.0
<i>Third-Party Funded Positions</i>	1.0	1.0	1.0	1.0
Total Positions	36.0	36.0	32.0	38.0

Summary. The Council requests \$42.3 million from all sources and 32.0 full-time equivalent positions for the Office of Postsecondary Commissioner for FY 2020; including \$18.7 million from general revenues, \$8.0 million from federal funds, \$10.4 million from tuition savings fees, and \$2.2 million from restricted sources. This is \$3.0 million more than enacted, including \$2.4 million more from general revenues and \$0.8 million more from restricted sources. The staffing request reflects 4.0 fewer positions than currently authorized to reflect the transfer of guaranty agency operations to a successor agency. It appears the Office intended to remove the positions but keep staffing authorization at the current service level in order to add positions.

The Governor recommends \$46.0 million, which is \$6.7 million more than enacted and \$3.6 million more than requested. The recommendation includes \$18.2 million from general revenues, which is \$1.9 million more than enacted and \$0.5 million less than requested. She recommends 38.0 full-time equivalent positions; including 3.0 new positions for the Westerly Higher Education Center and 1.0 new operations and facilities manager for the proposed Northern Rhode Island Education Center. The recommendation restores 2.0 of the 4.0 positions recently vacated after the transfer of guaranty agency operations to a successor agency made those positions no longer necessary; providing 2.0 new positions for the Office. Though not actually included in its request, these positions are consistent with the desired positions referenced by the Office in the budget submission's cover letter.

Unrestricted Budget. The unrestricted budget request includes \$21.7 million from all sources including \$18.7 million from general revenues, which is \$2.2 million more than enacted and \$2.1 million more than the revised request. The increase reflects an additional \$1.9 million for the third year of funding for the Rhode Island Promise Scholarship, and \$0.2 million for all remaining expenses.

The Governor recommends \$21.2 million in unrestricted expenditures, which is \$1.7 million more than enacted and \$0.5 million less than requested. The recommendation includes \$18.2 million from general revenues, which is \$1.9 million more than enacted and \$0.5 million less than requested.

Staffing. The Office requests authorization for 32.0 full-time equivalent positions, 4.0 fewer than the authorized level to reflect the elimination of the 4.0 former Rhode Island Higher Education Assistance Authority positions. The 2016 Assembly created the Division of Higher Education Assistance to replace the Rhode Island Higher Education Assistance Authority, and merged all operating functions and staffing with the Office of Postsecondary Education. The Office completed the final transfer of the guaranty agency operations during FY 2019, making these positions no longer necessary. It appears the Office intended to remove the positions but keep staffing authorization at the current service level in order to add new positions for the Office.

Though not actually requested as part of its budget, the Office noted a desire to add 5.0 new positions. This would include 3.0 positions for the Westerly Higher Education and Job Skills Center, 1.0 position for the Northern Rhode Island Education Center, and 1.0 position for the Office of Postsecondary Commissioner.

The Governor recommends authorization for 38.0 full-time equivalent positions. The recommendation includes the referenced position for the Northern Rhode Island Education Center, 3.0 new positions referenced for the Westerly 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 those positions no longer necessary; providing 2.0 new positions for the Office. As of the pay period ending February 2, 2019, the Office has 30.0 filled positions.

Office of Postsecondary Commissioner	Changes to Enacted		
	Request	Governor	Difference
Current Year Revisions	\$ 344,407	\$ (74,696)	\$ (419,103)
Rhode Island Promise	1,881,425	1,881,425	-
Centralized Services	-	-	-
Other Salaries and Benefits	115,020	13,290	(101,730)
Shepard Building	-	(1,351)	(1,351)
Other Operations	71,000	71,175	175
Nursing Education Center Debt Service	(2,750)	(2,750)	-
Total	\$ 2,409,102	\$ 1,887,093	\$ (522,009)

Current Year Revisions. The revised budget includes \$16.6 million from general revenues, \$344,407 more than the enacted budget. This includes the restoration of turnover savings equal to 2.5 positions, \$45,000 for cyber-security insurance that was purchased during March 2018, and communications maintenance contracts previously omitted from the budget request.

The Governor recommends \$419,103 less than requested from general revenues, including \$0.2 million in turnover savings. She includes \$75,594 from statewide savings initiatives, including \$16,760 from statewide benefits savings and \$58,834 for three separate savings initiatives designed to reduce operating costs. Reductions are offset by a \$19,912 increase for rent for the Nursing Education Center based on actual costs. The Governor also recommends shifting \$71,000 in operating expenses from general revenues to a newly established restricted receipt account supported by distance learning fees collected by the Office,

and further reduces expenses by \$14,087. The requested statutory authorization does not specify eligible expenses for these funds.

Rhode Island Promise. The 2017 Assembly established a new Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a “last dollar scholarship,” meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average, must be enrolled full-time, and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020. The legislation requires a program evaluation be conducted on or before July 1, 2020, after the second cohort finishes.

The Office of Postsecondary Commissioner’s request for \$7.9 million is \$1.9 million more than the revised allocation and \$4.9 million more than FY 2018. This is based on an anticipated increase of 957 first-time, full-time, in-state students participating, and is adjusted for 15.0 percent attrition during the year. The Community College reported an increase of 737 first-time, full-time students for the second cohort according to a report submitted in November 2018.

The Governor recommends funding as requested and proposes removing the program’s sunset with the cohort entering during the fall semester of 2020. She also recommends that the College and Community College set standards for course availability, revise transfer and articulation policies to simplify transfer between institutions and recommends that summer and winter intersession would be in place by January 1, 2020 to ensure timely degree completion. Additional policy requirements include guaranteed credit acceptance, pre-requisite acceptance policies, and uniform placement or assessment policies for program acceptance.

Rhode Island Promise - Adult Students. The Rhode Island Promise Scholarship program is a last dollar scholarship program currently limited to full-time students entering the Community College the semester immediately following high school graduation or the semester immediately following receipt of a high school equivalency diploma.

The Governor recommends \$2.0 million from federal guaranty agency reserve funds for the expansion of Rhode Island Promise to include eligible learners, aged 25 and older at the Community College. Adult learners must complete the Free Application for Federal Student Aid, complete at least 18.0 credit hours annually as a full-time or part-time student, maintain a 2.5 grade point average, remain on track for timely degree or certificate completion, and commit to remaining in Rhode Island after graduation.

Program funding would be supported by federal guaranty agency reserve funds for the initial program expansion and would shift to general revenues after FY 2020. The Governor’s recommendation assumes that adult students enrolled in a minimum of 9.0 credit hours per semester, excluding the summer semester, would increase from 2,496 to 2,975, providing a 16 percent increase. She also assumes that the College will be able to recover approximately \$0.1 million from employer-provided tuition reimbursements so that the funding level will remain consistent at \$2.0 million for FY 2021.

Rhode Island Promise - Rhode Island College. The Rhode Island Promise Scholarship program is a last dollar scholarship program currently limited to students enrolled at the Community College of Rhode Island. The Governor’s original proposal in FY 2018 included two years of tuition and fee costs for qualifying Rhode Island residents at one of the three institutions of higher education; including Rhode Island College and the University of Rhode Island.

The Governor recommends \$3.3 million from federal guaranty agency reserve funds for the expansion of Rhode Island Promise to include eligible juniors and seniors at Rhode Island College who enrolled during the fall semester of 2017 and would have been eligible under the Governor's FY 2018 proposal. Students must complete the Free Application for Federal Student Aid, have a declared major with 60.0 credit hours completed towards an eligible program of study, maintain a grade point average of 2.5, remain on track for timely degree completion, and must have not received a previous award under this scholarship. Funding includes \$2.4 million for scholarship awards and \$0.9 million in operating support for program development at the College.

Program funding would be supported by federal guaranty agency reserve funds for the initial expansion and would shift to general revenues after FY 2020. The Governor's recommendation assumes 100 percent retention from junior to senior year, and consistent enrollment for current sophomores who would be juniors for FY 2021. This equates to an FY 2021 cost of \$4.8 million from general revenues.

Dual Enrollment Program. The request includes \$2.3 million from tuition savings fees for the Dual Enrollment Program, which is \$475,920 more than the enacted budget. This program is in its fifth year and allows students to take courses on either a higher education institution campus or at their high school. It is intended to allow qualified high school students to earn college credit through dual and concurrent enrollment at no cost to the students. As a result of overspending and lack of oversight for program enrollments during FY 2017, new regulations took effect starting FY 2019. Program reimbursement was shifted from a cost per-credit basis, to the lesser between the cost per-credit amount or a cost per-course that accounts for the direct cost of personnel, materials and a small indirect cost for administrative functions such as the bursar's office. Local school districts split the cost of administering the program for those students enrolled in the Community College full-time, ceasing full-time enrollment at the other institutions.

This program and the Last Dollar Scholarship program replaced the state's need-based scholarship and grant program with more flexible state grant programs directed by the Commissioner of Postsecondary Education. It should be noted that this program and the Last Dollar Scholarship program are supported by tuition savings fees and guaranty agency reserve funds, declining revenue sources. The requested increase is based on new program offerings, increased high school participation, and increased operating expenses.

According to Rhode Island General Law, Section 16-57-6.1, tuition savings fees are restricted to support need-based scholarships. This statute would need to be amended to include the Dual Enrollment Program as an acceptable utilization of funds, or alternative funding would need to be identified in order to be in conformance with the law. *The Governor recommends \$24,080 more than requested from tuition savings fees based on anticipated program participation.*

Last Dollar Scholarship. The request includes \$10.1 million for the Last Dollar Scholarship program, consistent with the enacted level. This includes \$6.1 million from tuition savings fees and \$4.0 million from federal guaranty agency reserve funds. This program and the Dual Enrollment Program replaced the state's need-based scholarship and grant program with more flexible state grant programs directed by the Commissioner of Postsecondary Education. The 2015 Assembly provided that the lesser of 20.0 percent or \$2.0 million annually be allocated to students attending independent, non-profit higher education institutions in Rhode Island with the remaining funding reserved for public higher education institutions in Rhode Island. *The Governor recommends \$2.1 million less than requested, including \$3.6 million less from tuition savings fees and \$1.5 million more from federal guaranty agency reserve funds to provide scholarship funding exclusively to Rhode Island's public institutions of higher education.*

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

state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Office's request for \$10,976 from general revenues for information technology services is consistent with the enacted budget, and is \$3,577 more than FY 2018 expenditures. *Consistent with her revised recommendation, the Governor recommends \$652 less than requested based on billings through November.*

Salaries and Benefits. The Office's request includes \$2.4 million from general revenues for salary and benefit costs to fully fund the 17.0 positions within the Commissioner's Office. During FY 2019, four former Rhode Island Higher Education Assistance Authority positions were laid off or transferred to different agencies, as the transfer of the guaranty agency function made these positions no longer necessary. The current request is \$0.4 million more than the enacted budget and \$0.1 million more than the revised request to mostly fund all positions, and restore the turnover savings from the enacted budget equal to roughly 2.5 positions.

The Office submitted a cover letter with its budget request noting the need for additional staff, including one position for the Office. This position would be an operations and facility manager to oversee and manage all aspects of its operations at the main building on Jefferson Boulevard in Warwick. This position would be supported by general revenues.

The Office's constrained request reduces funding for salary and benefit costs by \$0.4 million, the equivalent of 3.0 positions. No explanation was provided for how these savings would be achieved. *The Governor recommends \$0.4 million less than requested from general revenues, including \$17,253 from statewide benefits savings and turnover savings equivalent to 2.5 positions.*

Shepard Building. The unrestricted budget request includes \$2.2 million for operating expenses for the Shepard Building, consistent with the enacted budget. The Shepard Building's primary use is as the Providence Campus of the University of Rhode Island. It also houses the Department of Elementary and Secondary Education. Prior to FY 2006, support for the Shepard Building was shown in the Department of Administration's budget. The 2005 Assembly transferred support for the Shepard Building to the Office of Higher Education and the Department of Elementary and Secondary Education. *The Governor recommends \$43,539 less than requested from general revenues for potential savings from a statewide initiative to reduce the cost of certain commodities. This is \$1,351 less than her revised recommendation.*

New England Higher Education Compact. The Division of Higher Education Assistance represents the state as a member of the New England Higher Education Compact. Established in 1957, this compact provides educational opportunities and services through a coordinated educational program extending across the six states of New England. The compact enables Rhode Island residents to pursue degree programs across New England at a lower cost than traditional out-of-state tuition, as long as the program is not offered at any public institution of higher education in Rhode Island. During FY 2018, 1,062 Rhode Island residents benefited from reduced tuition at participating institutions throughout New England. Membership in the Compact requires annual fees and withdrawing from the Compact requires notice from the Governor. Withdrawal is effective two years after the request is received by the New England Board of Higher Education.

The annual fee of \$147,000 was paid through the Rhode Island Higher Education Assistance Authority's budget before the 2016 Assembly created the Division of Higher Education Assistance and merged the Authority's operations, staffing and responsibilities with the Office of Postsecondary Commissioner. The Office continued to support the annual fee through federal guaranty agency reserve funds from FY 2016 through FY 2018 until the guaranty agency loan portfolio was sold on June 30, 2018. Reserve funds are still used for personnel and operating expenses. The Office did not request funding for this item in its FY 2019 revised budget or its FY 2020 budget. *The Governor's recommendation does not include funding for this item.*

College Crusade Support. The Office requests \$3.9 million to support the operations and scholarship programs offered by The College Crusade, including \$3.5 million from the GEAR-UP federal grant and \$0.4 million from general revenues. This is consistent with the revised request and \$0.4 million more than the enacted budget from federal funds to reflect an increased award. The College Crusade of Rhode Island is a nonprofit organization founded in 1989 to reduce high school dropout rates and increase educational and career success for low-income urban youth. The GEAR-UP grant provides grants to states and partnerships for support and commitment to eligible low-income students, including students with disabilities, to help the students obtain a secondary school diploma and to prepare for, and succeed in, postsecondary education. *The Governor recommends funding as requested.*

Best Buddies. The Office requests the enacted level of \$60,000 from general revenues for the Best Buddies program. The mission of the organization is to establish a global volunteer movement that creates opportunities for one-to-one friendships, integrated employment and leadership development for people with intellectual and developmental disabilities. *The Governor recommends funding as requested.*

Veterans Assistance. The Office requests \$0.1 million from federal funds for the All-Volunteer Force Education Assistance Grant. This program allows service persons to re-adjust to civilian life after their separation from military service by providing education benefits. The current request is \$17,302 less than enacted and reflects the current award. *The Governor recommends funding as requested.*

Higher Education Partnership Grant. The request removes the \$0.3 million in the enacted budget from the Higher Education Partnership Grant federal funds to reflect the expiration of funding for this grant in December 2018. The Higher Education Partnership Grant provided state educational agencies, local educational agencies, state agencies for higher education and eligible partnerships funding to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom. *The Governor excludes funding as requested.*

Other Operations. The request includes \$0.4 million from general revenues for all other Office operations, including legal services, interim position support for the higher education institutions, conference lecturers and program supplies. This is \$71,000 more than the revised request and restores funding back to the enacted level. *The Governor recommends funding essentially as requested. She also proposes that State Authorization Reciprocity Agreement fees go to a new restricted receipt account to be used for certain operating expenses. It appears that the requested authorization for this new account does not specify what expenses the account would directly support.*

Nursing Education Center Operations. The Nursing Education Center provides a centralized nursing program for students enrolled at the University of Rhode Island or Rhode Island College. Staffing and operating expenses are shared between the two institutions, with funding and staffing authorizations reflected in the Office of Postsecondary Commissioner's budget. The Office requests a total of \$3.0 million for these expenses, \$0.1 million more than the revised request, to align staffing costs after its first full year of operations. The current request includes \$0.9 million to fully support the 10.0 authorized staff members, and \$2.1 million for remaining expenses. *The Governor recommends funding as requested.*

Nursing Education Center Debt Service. The 2014 Assembly also authorized the issuance of \$10.5 million from Certificates of Participation to furnish and equip the Nursing Education Center. Final issuance includes 3.69 percent interest over a ten-year term, with debt service of \$1.2 million from general revenues. The request for \$1.2 million from general revenues for the third year of debt service is consistent with the revised allocation and the debt repayment schedule. *The Governor recommends funding as requested.*

Nursing Education Center Lease. The 2014 Assembly authorized the Board of Education and the Department of Administration to enter into a 15-year lease with the developer of the South Street Landing

property in Providence for the Nursing Education Center. The Center opened for classes in the fall of 2017. The request for \$4.1 million from general revenues includes \$1.8 million in base lease costs and \$2.3 million for the tenant improvement part of the lease. This is consistent with the enacted budget. *The Governor recommends an additional \$19,912 to reflect actual costs, consistent with her revised recommendation.*

Westerly Higher Education Center. The Westerly Higher Education Center is a financially self-sustaining collaborative job skills and educational center that is partnered with all three public higher education institutions, the Department of Labor and Training, and General Dynamics Electric Boat. The Center offers undergraduate and graduate courses as well as non-credit educational courses. The Office requests \$2.2 million from restricted receipts and authorization for 5.0 full-time equivalent positions to staff and operate the Higher Education Center. The current request is \$0.3 million more than enacted to reflect the annualized cost of 1.0 position hired during FY 2019, additional lecturers and training services, and increased operating expenses. The Office submitted a cover letter with its budget request noting the need for additional staff, including an administrative professional to assess student academic and career preparedness, an event coordinator, and a proposal development lead to assist with grant applications; all supported by restricted receipts.

The Governor recommends \$0.3 million more than requested and includes authorization for 3.0 new positions for the Westerly Higher Education Center, as noted in the cover letter. All new positions in her recommendation are funded from restricted receipts. The Office has identified potential federal funding sources that would support the new administrative professional and proposal development lead positions, but funding has not yet been secured.

Northern Rhode Island Higher Education Center. The Office requests \$2.0 million from Rhode Island Capital Plan funds to replicate the public-private model being used for the Westerly Higher Education Center in northern Rhode Island, consistent with the capital request. This center would be financially self-supporting as operating costs are supported by program fees and revenues from leasing the space. The Office submitted a cover letter with its budget request noting the need for additional staff, including an operations and facilities manager to oversee the operations and maintenance of the proposed center; the position would be supported by restricted receipts. The request for funding was excluded from its budget submission. *The Governor recommends \$0.1 million more than requested from restricted receipts and includes authorization for 1.0 new position as noted in the Office's budget cover letter.*

Capital. The Office's operating budget excludes the \$0.9 million requested in its Capital Improvement Plan for capital and asset protection projects. *The Governor recommends \$0.3 million from Rhode Island Capital Plan funds for asset protection projects. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

Division of Higher Education Assistance. The 2018 Assembly limited the Office'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, equal to \$0.4 million. This was done to preserve guaranty agency funding longevity, as the revenues from guaranty work were no longer being generated once the portfolio was sold on June 30, 2018. The Office requests \$0.4 million from federal funds for all Division operations, including \$0.3 million for staffing expenses, \$80,284 for Free Application for Federal Student Aid outreach, and the remaining legal and management services. With the current expenditures reported, the reserve funding sources will be exhausted by FY 2022. *The Governor recommends funding as requested and removes the language limiting the use of guaranty agency reserve funds to 10 percent of scholarships and grants. Based on the Governor's proposed use of guaranty agency reserve funds for new scholarships, these sources will be exhausted by FY 2021.*

University of Rhode Island

University of Rhode Island	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 321,323,148	\$ 336,324,163	\$ 348,842,877	\$ 348,464,584
Contracted Services	19,322,451	21,225,443	22,599,313	22,599,313
Subtotal	\$ 340,645,599	\$ 357,549,606	\$ 371,442,190	\$ 371,063,897
Other State Operating	164,996,683	151,973,395	155,917,380	157,924,047
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	234,221,516	228,256,829	231,438,919	231,438,919
Capital	18,645,917	21,117,519	25,501,780	17,008,706
Capital Debt Service	44,270,772	50,008,534	49,637,451	56,744,561
Operating Transfers	-	-	-	-
Total	\$ 802,780,487	\$ 808,905,883	\$ 833,937,720	\$ 834,180,130
Sources of Funds				
General Revenue	\$ 105,076,256	\$ 109,956,807	\$ 114,853,675	\$ 115,225,106
Tuition and Fees	321,190,339	324,899,885	331,590,008	339,954,061
Other Unrestricted	34,429,045	37,250,987	37,962,539	37,962,539
Total Unrestricted	\$ 460,695,640	\$ 472,107,679	\$ 484,406,222	\$ 493,141,706
Restricted	342,084,847	336,798,204	349,531,498	341,038,424
All Sources	\$ 802,780,487	\$ 808,905,883	\$ 833,937,720	\$ 834,180,130
FTE Authorizations				
	1,932.2	1,670.0	1,946.2	1,670.0
<i>Limited to Third-Party Funds</i>	622.8	440.0	622.8	440.0
<i>Limited to Auxiliary Enterprises</i>	-	445.0	-	445.0
Total	2,555.0	2,555.0	2,569.0	2,555.0

Summary. The University requests \$833.9 million and 2,569.0 full-time equivalent positions for FY 2020, an increase of \$31.2 million or 3.8 percent from the FY 2019 enacted budget and an increase of \$33.2 million or 4.1 percent from the revised allocation. General revenues, requested at \$114.9 million, are \$9.8 million more than both the enacted budget and the revised allocation. Compared to the enacted budget, restricted expenditures are \$7.4 million more, which mainly reflects increased capital expenditures from auxiliary revenues. The staffing request includes an increase of 14.0 full-time equivalent positions over the enacted authorization.

The Governor recommends \$834.2 million from all sources, which is \$31.4 million more than enacted and \$0.2 million more than requested. The recommendation includes \$115.2 million from general revenues, which is \$10.1 million more than enacted and \$0.4 million more than requested. Adjusted for increased expenditures for debt service, general revenues are \$3.0 million more than enacted and \$6.7 million less than requested. The Governor recommends 2,555.0 full-time equivalent positions, consistent with the enacted budget.

Tuition and Enrollment. The FY 2020 budget request includes a tuition and fee increase equal to \$428 for all in-state students, or 3.0 percent, and \$824 for all out-of-state students, or 2.7 percent. The request also includes an increase of 1.3 percent, or \$160 for average room and board costs. In-state enrollment is

projected to decrease from 7,531 to 7,406, a decrease of 1.7 percent or 125 full-time equivalent students and out-of-state enrollment is projected to increase from 7,193 to 7,205, an increase of 0.2 percent or 12 full-time equivalent students. This represents a total decrease of 0.8 percent or 113 full-time equivalent students.

University Undergraduate Tuition and Fees				
	FY 2019	FY 2020	Change to FY 2019	
Resident				
Tuition	\$ 12,248	\$ 12,590	\$ 342	2.8%
Fees	1,890	1,976	86	4.6%
Total	\$ 14,138	\$ 14,566	\$ 428	3.0%
Nonresident				
Tuition	\$ 28,972	\$ 29,710	\$ 738	2.5%
Fees	1,890	1,976	86	4.6%
Total	\$ 30,862	\$ 31,686	\$ 824	2.7%
Average Room and Board	\$ 12,528	\$ 12,688	\$ 160	1.3%
Undergraduate and Graduate Enrollment				
In-State	7,531	7,406	(125)	-1.7%
Out-of-State	7,193	7,205	12	0.2%
Total	14,724	14,611	(113)	-0.8%

Similar to its FY 2018 and FY 2019 requests, the University proposed further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The Council approved tuition rates as shown in the table above at its November 2018 meeting.

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$8.4 million more than requested from tuition and fees or other unrestricted sources, suggesting that the University will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. This gap appears to be the difference between requested general revenues and the amount recommended by the Governor, excluding debt service and statewide savings at the University.

Staffing. The request for 2,569.0 full-time equivalent positions is 14.0 more than the enacted level, including 9.0 positions for the unrestricted budget and 5.0 positions for the restricted budget. The proposed positions include 1.0 for student wellness, 2.0 for institutional research, 2.0 for procurement, 1.0 for athletics, 1.0 for security, 1.0 for the College of Engineering, 1.0 for the welcome center, and 5.0 positions associated with the operations of the newly constructed Brookside Apartments. Of the 2,569.0 positions, 622.8 are restricted to third party funding consistent with the enacted budget.

The Governor recommends authorization for 2,555.0 full-time equivalent positions, consistent with the enacted level. She also recommends creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University, such as residence halls. Establishing this new limit would reduce the number of third-party funded positions from 622.8 to 440.0; allowing for 1,670 positions to remain unrestricted. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

As of the pay period ending February 2, 2019, the University had 2,456.5 filled positions, of which 384.8 appear to be third-party funded although there continue to be reporting issues with the data.

Unrestricted Budget. Including the State Crime Lab, the unrestricted budget request accounts for \$484.4 million, an increase of \$23.7 million or 0.5 percent over the enacted budget and \$17.8 million or 3.8 percent

over the revised allocation. Sources of funds for the increase from the revised budget include \$9.8 million more from general revenues, \$7.3 million more from tuition and fees and \$0.7 million more from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 5.0 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the University is \$234,662 less than the unconstrained request, including \$12.3 million less from general revenues offset by \$12.5 million more from tuition and fees. As in its FY 2018 and FY 2019 request, the University proposes further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions.

The Governor recommends \$493.1 million in unrestricted expenditures, which is \$32.4 million more than enacted and \$8.7 million more than requested. General revenues are \$10.1 million more than enacted and \$0.4 million more than requested. Adjusted for increased expenditures for debt service, general revenues are \$3.0 million more than enacted and \$6.7 million less than requested. The Governor's recommendation replaces the \$6.7 million general revenue shortfall to the request with other unidentified unrestricted resources. This assumes the University will generate more revenue than its current projection, or constrain spending from the request in order not to exceed available resources.

University of Rhode Island Changes to Enacted			
	Request	Governor	Difference
Current Year Revisions	\$ 5,873,114	\$ 11,412,039	\$ 5,538,925
New Student Wellness Enhancement (1.0 FTE)	101,058	101,058	-
New Institutional Research Program (2.0 FTE)	273,173	273,173	-
New Procurement Specialists (2.0 FTE)	169,761	169,761	-
New NCAA Position (1.0 FTE)	82,025	82,025	-
New Security Officer (1.0 FTE)	85,486	85,486	-
New College of Engineering Position (1.0 FTE)	96,474	96,474	-
New Welcome Center Position (1.0 FTE)	80,544	80,544	-
New Graduate Teaching Assistants	481,753	481,753	-
Nursing Education Center	36,416	36,416	-
Online Education Expansion	-	1,800,000	1,800,000
Other Salaries and Benefits	9,131,651	9,425,754	294,103
Utilities	1,290,965	1,290,965	-
Debt Service	1,126,208	2,672,256	1,546,048
Student Aid	2,644,993	2,644,993	-
State Crime Lab	198,575	46,210	(152,365)
URI Foundation	995,550	995,550	-
Other Operations	1,042,836	751,609	(291,227)
Total	\$ 23,710,582	\$ 32,446,066	\$ 8,735,484

Current Year Revisions. Historically the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Council continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the

analysis can be in terms of the items the Council specifies as requested, staff analysis starts from the allocations.

The University requests \$5.9 million or 1.3 percent more from unrestricted sources than enacted. This includes \$3.1 million or 1.0 percent more than enacted from tuition and fees to reflect higher than anticipated out-of-state enrollments, the enacted level from general revenues, and \$2.8 million more from other University sources. Additional sources include earned interest, athletics, and revenue from University centers.

Adjusted for a change in how the University is budgeting certain costs, the remaining changes include \$3.8 million more for salaries and benefits for scheduled salary increases, \$4.8 million more for student aid, and \$0.2 million less for all remaining unrestricted operations.

The Governor recommends \$5.5 million more than requested from all sources. This includes \$5.6 million more for debt service to include the recent bond issuance for the College of Engineering Complex. General revenue savings include \$352,251 less from statewide benefit adjustments and \$328,250 less from statewide turnover savings. The recommendation increases unidentified unrestricted sources by the same amount. It also appears there are statewide savings from non-general revenue sources not taken.

New Student Wellness Position (1.0 FTE). Unrestricted expenditures increase \$0.1 million and the University requests authorization for 1.0 new case manager to enhance the student wellness program. The case manager would provide students with individual intervention strategies and counseling services while promoting mental health awareness across all areas of campus life. Student wellness is part of the University's strategic initiative to improve student success, and is expanding its current services to incorporate an after-hours call service for the University community to handle mental health crises over nights, weekends and holidays. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New Institutional Research Positions (2.0 FTE). Unrestricted expenditures increase \$0.3 million and the University requests authorization for 2.0 new full-time equivalent positions to expand the institutional research program. New positions include 1.0 data analyst and 1.0 director of institutional research, which would increase productivity and provide leadership necessary for informed decision-making processes across the University community. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New Procurement Positions (2.0 FTE). Unrestricted expenditures increase \$0.2 million and the University requests authorization for 2.0 new full-time equivalent positions to support University purchasing processes. New positions include 1.0 procurement specialist and 1.0 data control clerk. The purchasing department impacts all University functions by processing and maintaining vendor registrations for all of its public contracts, and processes all purchase orders for goods and services. The University currently processes over 3,000 requisitions with delegated purchasing authority of \$1.0 million. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New NCAA Compliance Position (1.0 FTE). Unrestricted expenditures increase \$0.1 million and the University requests authorization for 1.0 new National Collegiate Athletic Association assistant compliance director. This position would assist students with maintaining compliance with National Collegiate Athletic Association standards while limiting sanctions and fines to the institution. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New Welcome Center Position (1.0 FTE). Unrestricted expenditures increase \$0.1 million and the University requests authorization for 1.0 new housekeeper dedicated to the newly constructed Robert J.

Higgins Welcome Center. The Center is a 12,000 square foot building that expanded upon the previous visitor's center, providing a large presentation room for information sessions, multiple smaller classroom-like spaces, and small meeting rooms for staff to meet with visiting groups, students, families and faculty. Student groups and academic partners are able to reserve spaces to host events, conferences and meetings on a daily basis, including Saturdays during the academic year. The University indicates this position is being requested in response to the high utilization of the Center. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New Security Officer Position (1.0 FTE). Unrestricted expenditures increase \$0.1 million and the University requests authorization for 1.0 new security officer, dedicated to the newly constructed Brookside Apartments. These new apartments provide housing opportunities for 500 additional residents, increasing the current on-campus residential population capabilities to 6,700 students. The University currently has 1.9 sworn officers to every 1,000 students. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New College of Engineering Complex Position (1.0 FTE). Unrestricted expenditures increase \$0.1 million and the University requests authorization for 1.0 new environmental management and controls system technician to support the College of Engineering Complex. This position would oversee and maintain all building control systems for the newly constructed building. The new College of Engineering Complex provides new research equipment and cutting edge technology, with fully integrated climate control capabilities. The Complex is planned to open for the fall semester of 2019. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

New Graduate Teaching Assistants. The unrestricted budget includes an increase of \$0.5 million to support 10.0 new graduate teaching assistants, consistent with the University's plan to add 10.0 assistants each year for five years. The requested increase includes \$0.2 million for stipends and benefits, and \$0.3 million for tuition waivers. This is the second year of the Graduate Teaching Assistantship initiative, which supports the University's Strategic plan to increase the magnitude, prominence and impact of the University's research, scholarship and creative work. *The Governor recommends funding as requested; absent additional resources, recommended spending will have to be reduced.*

Nursing Education Center. The Nursing Education Center provides a centralized nursing program for students enrolled at the University of Rhode Island or Rhode Island College. Staffing and operating expenses are shared between the two institutions, with funding and staffing authorizations reflected in the Office of Postsecondary Commissioner's budget. The Office's budget includes \$1.5 million for the University's share of costs associated with the Rhode Island Nursing Education Center for FY 2020. This is \$36,416 more than the revised allocation. Requested funding for FY 2020 includes \$0.5 million for the University's share of staffing costs for 10.0 positions associated with the facility, \$0.8 million of the University's share of lease costs, and \$1.0 million for other expenses. *The Governor recommends funding as requested.*

Online Education Expansion. University of Rhode Island Online is a program that offers select undergraduate, graduate, and professional or graduate certificate programs for students who are unable to participate in the residential experience. Course offerings are currently limited to select nursing, dietetics, education, cyber security, digital forensics and digital literacy tracks for the 2018/2019 academic year.

The Governor recommends \$1.8 million from general revenues to expand the University's online education program and develop an online tutoring help desk in collaboration with the Community College. The University has identified 11 graduate programs, four undergraduate programs and eight post-baccalaureate certificates to be launched over an initial three year period. Proposed programs would

support Rhode Island's current economic areas of growth as identified in a degree program market opportunity study completed in June 2018.

Other Salaries and Benefits. Excluding the new positions discussed previously, the unrestricted budget includes \$261.1 million for all other unrestricted faculty and staff expenditures. The request is \$9.1 million or 3.6 percent more than the revised allocation. The increase reflects step increases, and salary and benefit adjustments consistent with settled contract negotiations, with additional funding set aside for ongoing contract negotiations.

The University's constrained request includes the reduction of \$8,750 for salary and benefit expenses for the School of Oceanography.

The Governor recommends \$0.3 million more than requested, including \$0.4 million less from general revenues from statewide benefit adjustments offset by an increase of \$0.7 million assuming that turnover savings in her revised recommendation are one-time. It also appears there are statewide savings from non-general revenue sources not taken.

Utilities. The unrestricted budget includes \$11.5 million for utility costs, \$1.3 million or 12.6 percent more than the enacted budget. The request is \$1.8 million or 18.7 percent more than spent in FY 2018 and \$1.6 million or 16.0 percent more than spent in FY 2017. The increase includes estimated future usage for the new College of Engineering Complex, a 190,000 square foot building providing full climate control that is anticipated to open for the fall semester of 2019. *The Governor recommends funding as requested.*

Debt Service. The unrestricted request includes \$30.4 million for debt service costs, \$1.1 million more than the revised allocation. The unrestricted budget includes \$23.4 million in debt service payments on general obligation bonds, \$4.8 million for revenue bonds, and \$2.1 million through Certificates of Participation for the University's energy performance contract upgrades. The increase includes \$28,703 more for payments on revenue bonds and \$6,348 less for the University's energy efficiency upgrades.

The Governor recommends \$37.6 million, which is \$2.7 million more than FY 2019 and includes \$0.1 million more for the University's energy conservation project, \$1.5 million more for general obligation bond debt service associated with the University's College of Engineering Complex and \$1.0 million for revenue bonds for the following projects: Repaving, Hardscape and Landscape, Utilities Infrastructure Phase I and Fire Protection Auxiliary Phase II.

	Unrestricted Debt Service - URI			
	GO	RIHEBC	ESCO	Total
FY 2009	12,590,080	2,104,178	-	14,694,258
FY 2010	14,178,053	2,791,057	-	16,969,110
FY 2011	15,006,727	3,065,682	-	18,072,409
FY 2012	16,095,746	3,239,088	-	19,334,834
FY 2013	19,721,003	3,316,971	2,283,569	25,321,543
FY 2014	20,185,809	3,211,739	2,403,161	25,800,709
FY 2015	19,164,899	3,158,064	1,669,647	23,992,610
FY 2016	8,501,835	3,042,265	1,709,976	13,254,076
FY 2017	15,485,717	3,425,061	1,970,001	20,880,779
FY 2018	22,764,906	3,024,938	1,779,471	27,569,315
FY 2019 Gov. Rec.	28,989,347	3,891,498	2,002,499	34,883,344
FY 2020 Recommended	30,535,395	4,917,048	2,103,157	37,555,600

Student Aid. The unrestricted budget includes \$118.6 million for student aid, which is \$2.6 million or 2.5 percent greater than the FY 2019 revised allocation and 5.4 percent greater than FY 2018 expenditures.

The additional funding is consistent with the tuition and fee increases included in the University's request. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also received additional funding for student aid in FY 2019 through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The University provided Last Dollar Scholarship grant funds to 3,340 students with an average award of \$778 during FY 2018. Grant funds were provided to 3,300 students during the fall semester of 2018, providing an average award of \$394. *The Governor recommends funding as requested.*

State Crime Lab. The unrestricted budget includes \$1.5 million for the State Crime Lab, \$0.2 million more than the revised allocation. The increase includes \$18,577 for current service adjustments for the Crime Lab's 10.0 authorized positions, and \$180,000 for the purchase of a bench top scanning electron microscope with an elemental detector. This type of microscope enables the State Crime Lab to perform gunshot residue analysis on samples recovered from the hands of a suspect, determining if the suspect had recently discharged a firearm.

The constrained budget request reduces general revenues by \$0.2 million and requests that a like amount of funding be provided from an alternate source. The Crime Lab has indicated that a possible alternative source of revenue would be to impose a fee on the agencies which use the laboratory services. The Crime Lab has indicated that this practice was enacted in 1978 legislation, but repealed in 1984. The Crime Lab indicates that any reduction in expenditures would result in the loss of its standing as an accredited laboratory under the guidelines for forensic testing laboratories. This is the same proposal submitted as part of the FY 2014, FY 2015, FY 2016 and FY 2019 constrained budget requests. *The Governor recommends \$1.3 million for the Crime Lab, which excludes funding for the new equipment.*

University of Rhode Island Foundation. The University requests \$4.5 million to support its fundraising contract with the University of Rhode Island Foundation, an increase of \$1.0 million from the revised allocation. The increase supports the University's strategic initiative to expand its philanthropic culture through the launch of a comprehensive fundraising campaign. Annual support increased by \$2.5 million from FY 2017 to FY 2018, providing a 68.1 percent increase in funding. The University of Rhode Island Foundation currently manages over 1,100 individually named endowment funds providing support for purposes ranging from scholarships and faculty retention to facility improvements and academic program enhancements. *The Governor recommends funding as requested.*

Other Operations. Excluding the items noted previously, the unrestricted budget includes \$54.1 million for all other operating and contracted services expenditures. These expenses include \$10.7 million for contracted lecturers, \$7.2 million for overhead expenses, \$6.3 million for subscription expenses, dues and fees, \$4.1 million for all grounds and maintenance services, \$4.1 million for travel, \$3.9 million for leases and rentals, \$3.5 million for supplies and equipment, \$3.2 million for advertising expenses, \$1.8 million for insurance, \$1.5 million for communications systems, and \$2.6 million for all remaining expenses.

This is \$1.0 million or 2.0 percent more than the revised allocation and 15.2 percent less than spent in FY 2018. Increased expenses include \$0.3 million for software licenses and support, \$0.2 million for grounds and maintenance services, \$0.1 million for increased rental space, \$0.1 million for insurance, and \$0.3 million for all remaining expenses. *The Governor recommends \$0.3 million less than requested for unidentified operating expenses in an amount equal to statewide benefit adjustments.*

Restricted Budget. The restricted budget request is for \$349.5 million, which is \$7.4 million or 2.2 percent more than enacted and \$15.3 million or 4.6 percent more than the revised allocation. The increase to the enacted budget includes \$6.3 million more for sponsored research programs, \$10.4 million less for student aid, \$7.0 million more for capital expenditures funded from Rhode Island Capital Plan funds, and \$4.1

million more for debt service. *The Governor recommends \$341.0 million from restricted sources, which is \$1.0 million less than enacted and \$8.5 million less than requested almost entirely from Rhode Island Capital Plan funds.*

Restricted Student Aid. The restricted budget includes \$107.9 million for external scholarships and loans, including Federal Ford Student and Parent loans, Pell Grants, scholarships and loans from the University of Rhode Island Foundation and the University of Rhode Island Alumni Association. The current request is \$10.4 million less than enacted due to a reduction in loans. The reduction in federal assistance is partially offset by increased scholarship awards and grants funded directly by the University. *The Governor recommends funding as requested.*

Restricted Capital. The restricted budget includes \$23.9 million for capital improvements funded by Rhode Island Capital Plan funds. The request includes \$1.8 million to begin Phase II of fire protection upgrades throughout academic buildings, \$0.9 million for mechanical, engineering and plumbing upgrades, \$0.7 million for ongoing renovations of the Fine Arts Center, and \$6.6 million for asset protection projects. This is \$7.0 million more than enacted and is consistent with the Capital Improvement Plan request. *The Governor recommends \$8.5 million less than requested. A detailed analysis of these project is included in the Capital Budget section of this publication.*

Restricted Sponsored Research. The restricted budget includes \$94.5 million from sponsored research funding, which is \$6.3 million more than enacted. The budget reflects awards in hand or anticipated as well as current and future proposals. The increase includes \$5.1 million to support research based University operations, \$1.1 million to support staffing expenses, and the remaining \$0.2 million is for equipment expenditures, student aid, and training opportunities. *The Governor recommends funding as requested.*

Restricted Operations. The restricted budget includes \$231.1 million for all other restricted expenses for auxiliary and enterprise operations, including restricted debt services. The request is \$4.6 million more than enacted, reflecting increases for residential life services as the new Brookside Apartments is planned to open for the fall semester of 2019. *The Governor recommends funding as requested.*

Rhode Island College

Rhode Island College	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 108,741,682	\$ 106,018,970	\$ 112,243,624	\$ 111,965,221
Contracted Services	3,167,947	2,925,099	2,810,099	2,810,099
Subtotal	\$ 111,909,629	\$ 108,944,069	\$ 115,053,723	\$ 114,775,320
Other State Operating	27,955,695	29,268,891	30,840,803	31,119,206
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	32,013,837	32,073,107	35,910,195	35,910,195
Capital	17,692,184	21,688,566	9,278,020	10,128,020
Capital Debt Service	10,291,355	10,291,355	11,706,763	10,064,642
Operating Transfers	-	-	-	-
Total	\$ 199,862,700	\$ 202,265,988	\$ 202,789,504	\$ 201,997,383
Sources of Funds				
General Revenue	\$ 55,749,666	\$ 55,266,131	\$ 61,394,441	\$ 56,520,333
Tuition and Fees	75,302,793	72,947,255	78,487,940	81,721,927
Other Unrestricted	8,080,269	8,514,154	9,570,555	9,570,555
Total Unrestricted	\$ 139,132,728	\$ 136,727,540	\$ 149,452,936	\$ 147,812,815
Restricted	60,729,972	65,538,448	53,334,568	54,184,568
All Sources	\$ 199,862,700	\$ 202,265,988	\$ 202,787,504	\$ 201,997,383
FTE Authorizations				
	873.2	873.2	873.2	873.2
<i>Limited to Third-Party Funds</i>	76.0	76.0	76.0	76.0
Total	949.2	949.2	949.2	949.2

Summary. Rhode Island College requests \$202.8 million from all sources and 949.2 full-time equivalent positions. This is an increase of \$3.0 million or 1.5 percent from the enacted budget and a decrease of \$1.6 million or 0.8 percent from the revised allocation. General revenues, requested at \$61.4 million, are \$5.6 million more than both the enacted budget and the revised allocation. Compared to the enacted budget, restricted source expenditures are \$7.4 million less. The staffing request is consistent with the current authorized levels, restricting 76.0 positions to third-party funding.

The Governor recommends \$202.0 million from all sources, which is \$2.1 million more than enacted and \$0.8 million less than requested. The recommendation includes \$56.5 million from general revenues, which is \$0.8 million more than enacted and \$4.9 million less than requested. Adjusted for increased expenditures for debt services, general revenues are \$1.0 million more than enacted and \$3.2 million less than requested. The Governor recommends 949.2 full-time equivalent positions, consistent with the enacted level.

Tuition and Enrollment. The Council approved a tuition and fee increase equal to \$649 for all in-state students, or 7.3 percent, and \$1,351 for all out-of-state students, or 6.2 percent. The Council also approved an increase of 4.3 percent, or \$511 for average room and board costs. In-state enrollment is projected to decrease 1.1 percent or 58 full-time equivalent students and out-of-state enrollment is projected to increase 0.6 percent or 61 full-time equivalent students. This represents a total increase of 3 full-time equivalent students.

College Undergraduate Tuition and Fees				
	FY 2019	FY 2020	Change to FY 2019	
Resident				
Tuition	\$ 7,790	\$ 8,218	\$ 428	5.5%
Fees	1,139	1,360	221	19.4%
Total	\$ 8,929	\$ 9,578	\$ 649	7.3%
Nonresident				
Tuition	\$ 20,553	\$ 21,683	\$ 1,130	5.5%
Fees	1,139	1,360	221	19.4%
Total	\$ 21,692	\$ 23,043	\$ 1,351	6.2%
Average Room and Board	\$ 11,877	\$ 12,388	\$ 511	4.3%
Undergraduate and Graduate Enrollment				
In-State	5,416	5,358	(58)	-1.1%
Out-of-State	1,013	1,074	61	6.0%
Total	6,429	6,432	3	0.0%

As in previous requests, the College indicated that in order to meet its constrained budget target it will implement tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The Council approved tuition rates as shown in the table above at its November 2018 meeting.

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$3.2 million more than requested from tuition and fees or other unrestricted sources, suggesting that the College will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. This gap appears to be the difference between requested general revenues and the amount recommended by the Governor excluding debt service and statewide savings at the College.

Staffing. The College's request for 949.2 full-time equivalent positions is consistent with the enacted level. The request assumes that 76.0 of the total positions would be limited to funding from third-party sources. *The Governor recommends staffing as requested. As of the pay period ending February 2, 2019 the College had 862.0 filled positions, of which 47.2 are third-party funded.*

Unrestricted Budget. The unrestricted budget accounts for \$149.5 million, which is an increase of \$10.3 million or 7.4 percent from the enacted budget and \$12.7 million or 9.3 percent from the revised allocation. Sources of funds for the increase from the revised allocation include \$5.6 million more from general revenues, \$6.0 million more from tuition and fees, and \$1.1 million more from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 5.0 percent target reduction, adjusted for certain exclusions. The constrained budget submitted by the College is consistent with the unconstrained request in terms of total funding, but includes \$1.2 million less from general revenues offset by \$1.2 million more from tuition and fees. As in its FY 2019 request, the College proposes further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions.

The Governor recommends \$147.8 million in unrestricted expenditures, which is \$8.7 million more than enacted and \$1.6 million less than requested. General revenues are \$0.8 million more than enacted and \$4.9 million less than requested. Adjusted for debt service, general revenues are \$3.2 million less than requested. The Governor's recommendation replaces the \$3.2 million general revenue shortfall to the request, with other unidentified unrestricted resources. This assumes the College will generate more

revenue than its current projection, or constrain spending from the request in order not to exceed available resources.

College Changes to Enacted			
	Request	Governor	Difference
Current Year Revisions	\$ (2,405,188)	\$ (2,405,188)	\$ -
Nursing Education Center Operations	36,416	36,416	-
Salaries and Benefits	5,540,957	5,746,091	205,134
Student Aid	3,218,453	3,218,453	-
Degree Program Enhancement	1,099,927	1,099,927	-
Vehicles	105,000	105,000	-
Utilities	100,000	100,000	-
Debt Service	1,422,465	(219,656)	(1,642,121)
Technology	675,000	675,000	-
Recruitment	423,500	423,500	-
Other Operations	105,678	(99,456)	(205,134)
Total	\$ 10,322,208	\$ 8,680,087	\$ (1,642,121)

Current Year Revisions. Historically the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Council continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Council specifies as requested, staff analysis starts from the allocations.

The College's revised unrestricted budget request is for \$136.7 million, \$2.4 million less than enacted. This includes \$2.8 million or 3.7 percent less from tuition and fees, and \$0.4 million more from other unrestricted sources. College enrollment has been declining since FY 2014, when the College achieved peak enrollment of 7,022 full-time students. Decreases have averaged at 1.5 percent annually over the last five years, with the largest decrease of 316 students or 4.7 percent during the fall semester of 2018. To accommodate the lower revenues, the revised request includes \$2.3 million less than enacted for salaries and benefits by keeping vacant positions open, \$0.3 million less for student aid consistent with lower enrollments, \$0.1 million less for capital expenses; offset by an increase of \$0.3 million in utilities for Gaige Hall. Craig-Lee and the new Welcome Center.

The Governor recommends \$483,585 less than requested from general revenues for statewide savings initiatives. General revenue savings include \$272,591 less from benefit savings and \$210,944 less from statewide turnover savings. The recommendation increases unidentified unrestricted sources by the same amount. It also appears there are statewide savings from non-general revenue sources not taken.

Rhode Island Promise Scholarship. The 2017 Assembly established the Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. This program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill excluding other non-mandatory fees. Recipients are required to maintain

a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The Governor's original proposal in FY 2018 included two years of tuition and fee costs for qualifying Rhode Island residents at one of the three institutions of higher education; including Rhode Island College and the University of Rhode Island.

The Governor recommends \$3.3 million from federal guaranty agency reserve funds for the expansion of Rhode Island Promise to include eligible juniors and seniors at Rhode Island College who enrolled during the fall semester of 2017 and would have been eligible under the Governor's FY 2018 proposal. Students must complete the Free Application for Federal Student Aid, have a declared major with 60.0 credit hours completed towards an eligible program of study, maintain a grade point average of 2.5, remain on track for timely degree completion, and must have not received a previous award under this scholarship. Funding includes \$2.4 million for scholarship awards and \$0.9 million in operating support for program development at the College.

Program funding would be supported by federal guaranty agency reserve funds for the initial expansion and would shift to general revenues after FY 2020. The Governor's recommendation assumes consistent enrollment for the 247 currently eligible sophomores who would be juniors for FY 2020 with a 25.0 percent increase in student retention to 309 students, 100 percent retention from junior to senior year for FY 2021; providing a FY 2021 impact of \$4.8 million from general revenues.

She also recommends that the Promise institutions set standards for course availability, revise transfer and articulation policies to simplify transfer between institutions and recommends that summer and winter intersession would be in place by January 1, 2020 to ensure timely degree completion. Additional policy recommendations include guaranteed credit acceptance between Promise institutions, pre-requisite acceptance policies, and uniform placement or assessment policies for program acceptance.

Nursing Education Center. The Nursing Education Center provides a centralized nursing program for students enrolled at the University of Rhode Island or Rhode Island College. Staffing and operating expenses are shared between the two institutions, with funding and staffing authorizations reflected in the Office of Postsecondary Commissioner's budget. The Office's unrestricted budget includes \$1.5 million for the College's share of costs associated with the Rhode Island Nursing Education Center for FY 2020. This is \$36,416 more than the revised allocation. Requested funding for FY 2020 includes \$0.5 million for the College's share of staffing costs for 10.0 positions associated with the facility, \$0.8 million of the College's share of lease costs, and \$1.0 million for other expenses. *The Governor recommends funding as requested.*

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$97.5 million, \$5.5 million or 6.0 percent more than the revised allocation. The increase includes salary and benefit adjustments consistent with settled contract negotiations, and funding set aside pending successful negotiations of remaining contracts. *The Governor recommends \$0.2 million more than requested, including \$0.3 million less from general revenues for statewide benefit savings offset by an increase of \$0.5 million assuming that savings in her revised recommendation are one-time. It also appears there are statewide savings from non-general revenue sources not taken.*

Student Aid. The unrestricted budget includes \$18.7 million for student aid, which is \$3.2 million or 20.8 percent greater than the revised allocation and \$1.9 million or 11.4 percent more than FY 2018 expenditures. The additional funding is consistent with the tuition and fee increases and the increased out-of-state enrollments included in the College's request. Student aid can be seen as a discount to the tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also received additional funding for student aid in FY 2019 through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The College provided

Last Dollar Scholarship grant funds to 473 students with an average award of \$4,571 during FY 2018. Grant funds were provided to 463 students during the fall semester of 2018, providing an average award of \$2,337. *The Governor recommends funding as requested.*

Degree Program Enhancements. The unrestricted budget includes \$1.1 million in new expenditures from increased program fees to enhance programs for the School of Education and Human Development, the School of Social Work, School of Business and the School of Nursing. Enhancements would focus on updating and replacing technology, adding additional technology hubs, and expanding mobile technology support. Additional revenues generated will support each program's accreditation requirements while providing support for student simulations necessary for completing program assessments. Each enhancement would be supported through its respective program fee, effective with the start of the fall 2019 semester.

The Schools of Education and Human Development and Social Work will both be implementing a new program fee of \$275 per semester to cover course materials and items that are currently charged to the students, as well as support the general operations of the program. As a program fee, it will also be eligible for support through financial aid. The School of Management and the School of Nursing will increase its current fee from \$275 per semester to \$300 per semester. *The Governor recommends funding as requested.*

Vehicles. The unrestricted budget includes \$0.1 million as part of the college's vehicle replacement program. The enacted budget included \$0.1 million for the College to move forward with its ten-year vehicle replacement program; however, the revised request delayed vehicle replacement into FY 2020 because of decreased revenues. Vehicles that are replaced by new purchases are re-distributed to other departments within the College. Other funding sources are utilized when available (i.e., dining trucks are purchased with dining auxiliary funds.) Funding would purchase a facilities division dump truck, police vehicle and other service vans on campus. *The Governor recommends funding as requested.*

Utilities. The unrestricted budget includes \$3.2 million for utility costs, \$0.1 million or 3.3 percent more than the FY 2019 revised allocation. The request is \$0.1 million or 2.3 percent more than spent in FY 2018 and \$0.3 million or 11.2 percent more than spent in FY 2017. The increase reflects the completion of Craig-Lee renovations, the first full year of service for Gaige Hall, and the new Welcome Center. *The Governor recommends funding as requested.*

Debt Service. The unrestricted budget includes \$9.3 million for debt service costs, \$1.4 million more than the revised allocation. The unrestricted budget funds debt service payments on general obligation bonds, revenue bonds, and Certificates of Participation for the College's energy performance contract upgrades. Debt service of \$7.8 million on general obligation bonds accounts for most of the cost, including \$1.4 million for payments on general obligation bonds for the Academic Building Renovations Phase I project, and \$21,350 more for payments on the College's energy efficiency upgrades. *The Governor recommends \$1.6 million less than requested based on the anticipated debt issuance schedule.*

Technology. The unrestricted budget includes \$3.2 million for technology costs, \$0.7 million more than the revised request. This includes funding to support the new client/customer relations system, the expansion of the on-campus cloud based digital storage system, and funding to improve network accessibility. These enhancements would increase campus-wide accessibility and provide the College with additional tools to improve student retention. Annual technology expenses include software renewal and support contracts and networking supplies and support. *The Governor recommends funding as requested.*

Recruitment. The unrestricted budget includes \$0.8 million for recruitment and advertising support, \$0.4 million more than the revised allocation. According to its Strategic Plan, the College is attempting to rebrand and redefine itself to increase appeal for in-state residents and expand its out-of-state student enrollments. This includes modifications to the enrollment and application systems, the mailing system for

informational brochures for prospective students and their families, and the introduction of its new Northeast Neighbor tuition re-classification program. This program enables out-of-state students in the New England region, including the New York City metro area, to enroll at the College at a discounted out-of-state rate. *The Governor recommends funding as requested.*

Other Operations. Excluding the items noted previously, the unrestricted budget includes \$14.5 million for all other operations and contracted services, including \$3.8 million for program supplies, \$2.9 million for campus-wide maintenance, \$1.8 million for administrative expenses, \$0.9 million for insurance, \$0.7 million for rental expenses, and \$4.5 million for all remaining expenses. This is \$0.1 million or 0.7 percent more than the revised request, and includes insurance increases and maintenance increases. Spending for these same items is 3.0 percent more than FY 2018. *The Governor recommends \$0.2 million less than requested for unidentified operating expenses in an amount equal to statewide benefit savings.*

Restricted Budget. The restricted budget request is for \$53.3 million, which is \$7.4 million or 12.2 percent less than enacted and \$14.4 million less than the revised allocation. Compared to the enacted budget, the request includes \$3.4 million less for capital expenditures funded from Rhode Island Capital Plan funds, consistent with the capital request, and \$5.0 million less for capital projects funded from auxiliary balances. These decreases are partially offset by \$0.3 million more for staffing, \$1.3 million more for student aid, and \$1.1 million more for sponsored research programs.

Excluding the bookstore, all remaining auxiliary programs are currently running a deficit. In an effort to bring the auxiliary fund balances back into balance, the College would increase Residence Hall and dining plan rates by 3.5 percent over FY 2019 rates.

The Governor recommends \$54.2 million in restricted expenditures, which is \$0.9 million more than requested from Rhode Island Capital Plan funds to reflect the capital budget recommendation. A detailed analysis of these projects is included in the Capital Budget section of this publication.

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. The College's Academic Building Phase I had \$2.0 million accelerated from FY 2020 to FY 2019 to match the College's request reflecting anticipated completion in FY 2019, and the College's Academic Building Phase IV had \$150,000 restored for FY 2020 to complete a feasibility study originally approved as part of the Academic Building Phase III project.

Community College of Rhode Island

Community College of Rhode Island	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 93,340,486	\$ 94,051,888	\$ 98,119,481	\$ 97,802,621
Contracted Services	4,321,408	3,911,372	3,584,587	3,584,587
Subtotal	\$ 97,661,894	\$ 97,963,260	\$ 101,704,068	\$ 101,387,208
Other State Operating	20,681,857	20,740,616	21,076,617	21,628,477
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	36,151,141	33,446,322	33,666,369	33,666,369
Capital	8,429,909	8,455,183	6,978,816	8,778,816
Capital Debt Service	2,707,905	2,707,905	2,709,342	2,703,342
Operating Transfers	-	-	-	-
Total	\$ 165,632,706	\$ 163,313,286	\$ 166,135,212	\$ 168,164,212
Sources of Funds				
General Revenue	\$ 52,978,860	\$ 52,432,170	\$ 55,341,680	\$ 54,381,408
Tuition and Fees	55,038,904	54,560,594	56,237,802	57,427,074
Other Unrestricted	5,569,660	6,030,018	6,217,423	6,217,423
Total Unrestricted	\$ 113,587,424	\$ 113,022,782	\$ 117,796,905	\$ 118,025,905
Restricted	52,045,282	50,290,504	48,338,307	50,138,307
All Sources	\$ 165,632,706	\$ 163,313,286	\$ 166,135,212	\$ 168,164,212
FTE Authorizations				
	765.1	765.1	765.1	765.1
<i>Limited to Third-Party Funds</i>	89.0	89.0	89.0	89.0
Total	854.1	854.1	854.1	854.1

Summary. The Community College requests \$166.1 million from all sources and 854.1 full-time equivalent positions for FY 2020. This is an increase of \$0.5 million or 0.3 percent from the enacted budget and an increase of \$2.8 million or 1.7 percent from the revised allocation. General revenues, requested at \$55.3 million, are \$2.4 million more than both the enacted budget and the revised allocation. Compared to the enacted budget, restricted source expenditures are \$3.7 million less. The staffing request is consistent with the enacted authorization with 89.0 positions restricted to third-party sources.

The Governor recommends \$168.2 million from all sources, which is \$2.5 million more than enacted and \$2.0 million more than requested. The recommendation includes \$54.4 million from general revenues, which is \$1.4 million more than enacted and \$1.0 million less than requested. The Governor recommends 854.1 full-time equivalent positions, consistent with the enacted budget.

Tuition and Enrollment. The Council approved a tuition and fee increase equal to \$136 for all in-state students, or 3.0 percent, and \$388 for all out-of-state students, or a 3.2 percent increase. Enrollment is projected to increase by 0.9 percent, equal to 84 full-time equivalent students. The Council approved tuition rates as shown in the following table at its November 2018 meeting.

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$1.2 million more than requested from tuition and fees or other unrestricted sources, suggesting that the College will generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. This gap appears to be the difference between requested general revenues and the amount recommended by the Governor excluding debt service and statewide savings at the Community College.

Community College Tuition and Fees				
	FY 2019	FY 2020	Change to FY 2019	
Resident				
Tuition	\$ 4,148	\$ 4,284	\$ 136	3.3%
Fees	416	416	-	0.0%
Total	\$ 4,564	\$ 4,700	\$ 136	3.0%
Nonresident				
Tuition	\$ 11,740	\$ 12,128	\$ 388	3.3%
Fees	416	416	-	0.0%
Total	\$ 12,156	\$ 12,544	\$ 388	3.2%
Enrollment	9,051	9,135	84	0.9%

Staffing. The Community College's request for 854.1 full-time equivalent positions is consistent with the enacted level. The request assumes that 89.0 of the total positions would be limited to funding from third party sources. *The Governor recommends staffing consistent with the enacted level. As of the pay period ending February 2, 2019 the Community College had 746.7 positions filled, of which 54.9 are third-party funded.*

Unrestricted Budget. The unrestricted budget accounts for \$117.8 million, which is \$4.2 million or 3.7 percent more than the enacted budget and \$4.8 million or 4.2 percent more than the revised allocation. Sources of funds for the increase to the revised allocation include \$2.4 million more from general revenues, \$2.2 million more from tuition and fees and \$0.2 million more from other unrestricted sources.

The Budget Office instructed agencies to submit a constrained budget request including a 5.0 percent target reduction, adjusted for certain exclusions. The Community College did not submit a constrained request.

The Governor recommends \$118.0 million in unrestricted expenditures, which is \$4.4 million more than enacted and \$0.2 million more than requested. General revenues are \$1.4 million more than enacted and \$1.0 million less than requested. The Governor's recommendation replaces the \$1.0 million general revenue shortfall to the request with other, unidentified unrestricted resources. This assumes the Community College will generate more revenue than its current projection, or constrain spending from the request in order not to exceed available resources.

Community College Changes to Enacted				
	Request	Governor	Difference	
Current Year Revisions	\$ (564,642)	\$ (564,642)	\$	-
Rhode Island Promise	-	-		-
Student Aid	195,966	195,966		-
Debt Service	1,437	(4,563)		(6,000)
Salaries and Benefits	3,532,746	3,762,576		229,830
SNAP Scholarship	-	235,000		235,000
Other Operations	1,043,974	814,144		(229,830)
Total	\$ 4,209,481	\$ 4,438,481	\$	229,000

Current Year Revisions. Historically the analyses have begun with an adjustment for the current year. Until FY 2005, the Board had statutory authority, which did not require legislative approval, to reallocate the enacted budget based on information available to it, including changes to revenues and needs. The 2004 Assembly rescinded that authority and established separate appropriation lines for the four operations. The Assembly did not change the budget request and submission process; the law continues to require the Board of Education to review, develop and submit the higher education budget that it receives from the Council on Postsecondary Education. Also, the institutions retained their authority to use additional resources they received above appropriated amounts, such as research grants and additional tuition and fees.

The Council continues to review and approve each institution's allocation of all current year resources and describes its requested budget year items in terms of changes to those current year allocations. So that the analysis can be in terms of the items the Council specifies as requested, staff analysis starts from the allocations.

The Community College requested \$0.6 million or 0.5 percent less than enacted from unrestricted sources. This includes \$1.0 million or 1.9 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$460,358 more from other unrestricted sources. The revised enrollment projection assumed 9,051 full-time equivalent students, consistent with the enacted budget. The revised allocation includes \$1.0 million less than enacted for salaries and benefits because of a campus-wide effort to delay filling vacancies from the Community College's voluntary retirement incentive, \$0.5 million for contracted interim positions and a one-time cyber security assessment, \$0.2 million less for facility based maintenance contracts, \$0.1 million less in unrestricted student aid, and \$0.2 million more for utilities. The Community College is responsible for running the educational component of the training program at the Westerly Center. The Center takes in the revenue from Electric Boat and reimburses the Community College based on a rate per class section. The remaining \$0.3 million increase is for contracted instructors for Electric Boat at the Westerly Higher Education Center.

The Governor recommends \$546,690 less than requested from general revenues for statewide savings initiatives. General revenue savings include \$321,821 less from benefit savings and \$224,869 less from statewide turnover savings. The recommendation increases unidentified unrestricted sources by the same amount. It also appears there are statewide savings from non-general revenue sources not taken.

Rhode Island Promise Scholarship. The 2017 Assembly established the Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020. The legislation requires a program evaluation be conducted on or before July 1, 2020, after the second cohort finishes.

The funding for Rhode Island Promise is not reflected in the Community College's budget request, as it is a scholarship awarded by the Office of Postsecondary Commissioner. The Office of Postsecondary Commissioner's request for \$7.9 million is \$1.9 million more than the revised allocation and \$4.9 million more than FY 2018. This is based on an anticipated increase of 957 first-time, full-time, in-state students participating, and is adjusted for a 15.0 percent attrition from fall to spring semesters. The Community College reported an increase of 737 first-time, full-time students for the second cohort according to a report submitted in November, 2018.

The Governor recommends funding as requested and proposes removing the program's sunset. She also recommends that the Promise institutions set standards for course availability, revise transfer and

articulation policies to simplify transfer between institutions and recommends that summer and winter intersession would be in place by January 1, 2020 to ensure timely degree completion. Additional policy recommendations include guaranteed credit acceptance between Promise institutions, pre-requisite acceptance policies, and uniform placement or assessment policies for program acceptance.

Rhode Island Promise – Adult Students. The Rhode Island Promise Scholarship program is a last dollar scholarship program currently limited to full-time students entering the Community College the semester immediately following high school graduation or the semester immediately following receipt of a high school equivalency diploma.

The Governor recommends \$2.0 million from federal guaranty agency reserve funds in the Office of Postsecondary Commissioner’s budget for the expansion of Rhode Island Promise to include eligible learners aged 25 and older. Adult learners must complete the Free Application for Federal Student Aid, complete at least 18.0 credit hours annually as a full-time or part-time student, maintain a 2.5 grade point average, remain on track for timely degree or certificate completion, and commit to remaining in Rhode Island after graduation.

Program funding would be supported by federal guaranty agency reserve funds for the initial program expansion and would shift to general revenues after FY 2020. The Governor’s recommendation assumes that adult students enrolled in a minimum of 9.0 credit hours per semester, excluding the summer semester, would increase from 2,496 to 2,975, providing a 16 percent increase. She also assumes that the Community College will be able to recover approximately \$0.1 million from employer-provided tuition reimbursements so that the funding level will remain consistent at \$2.0 million for FY 2021.

Student Aid. The unrestricted budget includes \$4.1 million for student aid, \$195,966 more than the revised allocation and \$247,558 or 6.4 percent more than FY 2018 expenditures. The additional funding is consistent with the tuition and fee increases included in the Community College’s request. Student aid can be seen as a discount to tuition and the expenditure is directly related to tuition and fee revenue.

The institutions also received additional funding for student aid in FY 2019 through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner’s budget. The Community College’s allocation from the Last Dollar Scholarship program is \$3.3 million. The Community College provided Last Dollar Scholarship grant funds to 3,210 students with an average award of \$1,040 during FY 2018. Grant funds were provided to 2,649 students during the fall semester of 2018, providing an average award of \$622. In order to remain eligible for continued aid through the program, students must remain enrolled in a minimum of six credit hours and maintain a 2.0 cumulative grade point average. *The Governor recommends funding as requested.*

Debt Service. The unrestricted budget includes \$2.7 million for debt service expenditures. This is \$1,437 more than the revised allocation for payments on Certificates of Participation for the Community College’s energy conservation project, consistent with the current debt service schedule. The unrestricted budget also funds debt service payments on general obligation bonds and certain revenue bonds. *The Governor recommends \$6,000 less than requested to reflect actual debt service.*

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$92.2 million, \$3.5 million or 3.9 percent more than the revised allocation. The increase reflects current service adjustments consistent with Budget Office planning values, with funding set aside pending successful negotiations of employee contracts. *The Governor recommends \$0.2 million more than requested, including \$0.3 million less for statewide benefit savings offset by an increase of \$0.5 million assuming that turnover savings in her revised recommendation are one-time. It also appears there are statewide savings from non-general revenue sources not taken.*

SNAP Employment and Training Scholarship. In December 2018 the United States Government Accountability Office published a report highlighting food insecurity across college campuses, determining that up to 30 percent of low-income students may be eligible for nutrition assistance. College campuses across the nation are addressing food insecurities in a number of ways, such as providing on-campus food pantries or offering access to emergency funds to help students pay for living expenses that might otherwise force them to choose between buying food or staying in school.

The Governor recommends \$235,000 from general revenues to provide new scholarships or work study opportunities for Supplemental Nutrition Assistance Program eligible adults enrolled at the Community College. This includes \$225,000 for scholarships that would provide need-based aid for transportation, course materials, or childcare; and \$10,000 for work-study funding. Once launched, the scholarship funding would be matched one for one through the Supplemental Nutrition Assistance Program's Employment and Training Program. This program was established to help food stamp recipients gain skills, training or experience to increase their ability to obtain steady employment, but that match funding is not in the current recommendation.

Westerly Higher Education Center. The Westerly Higher Education Center is a collaborative job skills and educational center that is partnered with all three public higher education institutions, the Department of Labor and Training, and General Dynamics Electric Boat. The Center offers undergraduate and graduate courses as well as non-credit educational courses, and is structured to be financially self-sustaining as operating costs are supported by program fees and revenues from leasing space. The three institutions of public higher education contract with the Center to lease spaces and contract for instructional services associated with the Center's programs. The Community College requests \$1.0 million from restricted revenues to support its portion of instructional services for the Westerly Higher Education Center. This is consistent with the revised allocation and is \$0.3 million more than enacted. The increase is attributed to increased program offerings and inclusion in the Dual and Concurrent Enrollment Program. *The Governor recommends funding as requested.*

Other Operations. The unrestricted budget includes \$17.7 million for all other operations, which is \$1.0 million or 6.1 percent more than the revised allocation. This includes spending on building maintenance and grounds keeping services, legal services, testing services, fleet maintenance, capital improvements, and information technology purchases. These same expenditures are 3.5 percent more than spent in FY 2017 and 10.1 percent less than spent in FY 2018. The increase to the revised allocation includes \$43,898 more for utilities, \$235,100 more for capital improvement projects, \$581,492 more for technology reinvestment, \$250,000 more for lab and educational supplies, and \$355,614 for all remaining operating expenses. The increase is offset by a reduction of \$422,130 for one-time expenses associated with interim positions, financial aid experts, and a cyber-security assessment. *The Governor recommends \$0.2 million less than requested for unidentified operating expenses in an amount equal to statewide benefit savings.*

Restricted Budget. The restricted budget request is for \$48.3 million, which is \$3.7 million or 7.1 percent less than the enacted budget and \$2.0 million or 3.8 percent less than the revised allocation. The current request excludes funding for the Promise Program, as program expenses are reported in the Office of Postsecondary Commissioner's budget to prevent double counting. The exclusion of the Promise Scholarship from the budget request is offset by a \$3.6 million increase in Pell Grant funding, as the Community College requires every Promise Scholarship applicant to complete the Free Application for Federal Student Aid. Other changes include a \$0.4 million increase for salaries and benefits and a \$0.4 million decrease for capital improvements funded by Rhode Island Capital Plan funds, consistent with its capital budget request. Requested funding for all remaining restricted contracted services and operations is \$0.5 million less than enacted.

The Governor recommends \$50.1 million in restricted expenditures, which is \$1.8 million more than requested from Rhode Island Capital Plan funds to reflect the capital budget recommendation. A detailed analysis of these projects is included in the Capital Budget section of this publication.

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. The Community College's Knight Campus Physics and Engineering Lab Renovations project had \$1.3 million delayed from FY 2020 to FY 2021 and the Data Cabling and Power Infrastructure project was reprogrammed over the five-year period to reduce annual funding commitments.

Rhode Island State Council on the Arts

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 950,201	\$ 923,581	\$ 965,719	\$ 960,611
Contracted Services	45,200	46,400	56,400	46,400
Subtotal	\$ 995,401	\$ 969,981	\$ 1,022,119	\$ 1,007,011
Other State Operations	184,580	185,470	209,580	182,655
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,591,865	1,591,865	2,213,582	1,703,582
Capital	360,200	1,175,000	585,000	585,000
Operating Transfers	-	-	-	-
Total	\$ 3,132,046	\$ 3,922,316	\$ 4,030,281	\$ 3,478,248
Sources of Funds				
General Revenue	\$ 2,007,993	\$ 1,977,819	\$ 2,626,781	\$ 2,084,748
Federal Aid	719,053	723,497	762,500	762,500
Restricted Receipts	5,000	5,000	5,000	5,000
Other	400,000	1,216,000	636,000	626,000
Total	\$ 3,132,046	\$ 3,922,316	\$ 4,030,281	\$ 3,478,248
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island State Council on the Arts requests \$4.0 million, \$0.9 million more than enacted from all sources, including \$0.6 million more from general revenues, \$43,447 more from federal funds, and \$0.2 million more from Percent for Art funds. The request includes the authorized level of 8.6 full-time equivalent positions. The Council also submitted a constrained request that totals \$3.4 million from general revenues, \$0.7 million less than the unconstrained request. *The Governor recommends \$3.5 million from all sources of funds, which is \$0.3 million more than enacted, including \$76,755 more from general revenues. This includes \$7,033 of statewide savings, noted below where appropriate.*

Target Issues. The Budget Office provided the Council with a general revenue target of \$2.0 million. The amount includes current services adjustments of \$29,956 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$70,860.

FY 2020 Budget	Budget Office		RISCA		Difference
FY 2019 Enacted	\$ 2,007,993	\$ 2,007,993	\$ 2,007,993	\$ -	-
Current Service Adjustments	29,956	-	3,788	-	(26,168)
New Initiatives	-	-	615,000	-	615,000
Change to FY 2019 Enacted	\$ 29,956	\$ -	\$ 618,788	\$ -	\$ 588,832
FY 2020 Current Service/Unconstrained Request	\$ 2,037,949	\$ 2,037,949	\$ 2,626,781	\$ 588,832	\$ 588,832
Target Reduction/Initiatives	(70,860)	-	(659,692)	-	(588,832)
FY 2020 Constrained Target/Request	\$ 1,967,089	\$ 1,967,089	\$ 1,967,089	\$ -	-
<i>Change to FY 2019 Enacted</i>	<i>\$ (40,904)</i>	<i>\$ (40,904)</i>	<i>\$ (40,904)</i>	<i>\$ -</i>	<i>-</i>

The constrained budget submitted by the Council is consistent with the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$0.1 million more than the target.*

Centralized Services. The Council requests the enacted amount of \$45,750 from general revenues for the Arts Council's share of centralized services. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. *The Governor recommends funding as requested, but the FY 2019 recommendation added \$2,763.*

Grants. The Rhode Island State Council on the Arts supports a multitude of grants funded through different fund sources. For FY 2018 the Council provided 18 types of grants, totaling \$1.6 million from all sources of funds, including a \$375,000 designated grant for Waterfire Providence identified in Article 1 of 2018-H 5175, Substitute A, as amended. The 2016 Assembly ended the legislative grant program and provided that appropriation in place of the prior funding as well as \$200,000 for the Council's competitive pool grants. The Council's annual grant support also includes \$0.6 million from general revenues and between \$0.4 million and \$0.5 million from federal National Endowment for the Arts support, over which it has wide discretion to distribute, as well as restricted support from the Rhode Island Foundation for the Expansion Arts program. The table below shows the historical grant support to the Council since FY 2017. The FY 2020 request is for a total of \$2.2 million. *The Governor recommends \$0.5 million less than enacted, noted below where appropriate.*

Fund Source	Grants	FY 2017	FY 2018	FY 2019 Enacted/Rev.	FY 2020 Request	FY 2020 Gov. Rec.
General Revenues	Discretionary Grants	\$ 590,000	\$ 590,000	\$ 590,000	\$ 1,000,000	\$ 590,000
	Art Workforce Development	-	-	-	30,000	30,000
	VSA Arts	-	-	-	150,000	50,000
	Competitive Pool	200,000	200,000	200,000	200,000	200,000
	Waterfire Providence	375,000	375,000	375,000	375,000	375,000
General Revenues Subtotal		\$ 1,165,000	\$ 1,165,000	\$ 1,165,000	\$ 1,755,000	\$ 1,245,000
Federal Funds	Partnership Agreement	\$ 454,002	\$ 390,309	\$ 426,865	\$ 458,582	\$ 458,582
Restricted Rec.	Expansion Arts	17,000	7,950	5,000	5,000	5,000
Total Grant Funding		\$ 1,636,002	\$ 1,563,259	\$ 1,596,865	\$ 2,218,582	\$ 1,708,582

Discretionary Grants. The Council requests \$1.0 million from general revenues for discretionary grants to various education, individual artist and arts organizational programs, which is \$0.4 million more than enacted, in order to achieve its goal of \$1.0 million in discretionary funding. The discretionary grant pool currently supports six types of grants, and in most cases is the sole source of state support. It should be noted that these funds contribute to the state's maintenance of effort for federal National Endowment for the Arts grant support.

The Council administers a number of discretionary grant programs awarded through application processes and funded through federal funds, general revenues, or restricted receipts. Although each grant program has a different timeframe, applications and awards for each follow a similar process. The increase is not directed to any specific program. The Council reports it is funding approximately one-third of the requests it receives.

The Council's constrained budget excludes its request for increased funding and further reduces the request by \$44,692. *The Governor recommends \$590,000 consistent with the enacted level.*

VSA Arts Disability Grant. The Council requests \$150,000 from general revenues for a new initiative to support VSA Arts Rhode Island, a statewide non-profit arts and education organization operated by, with, and for individuals with disabilities.

The national VSA Arts organization was founded in 1974 as an educational affiliate of the John F. Kennedy Center for the Performing Arts. VSA Arts Rhode Island was incorporated, with support from the Rhode Island State Council on the Arts, in 1986 and was awarded 501(c)(3) non-profit status in 1988. The Council reports that VSA Arts RI has lost its federal funding, but has continued its programming at a lower level. The Council reports this support would be used to develop a series of workshops and trainings to expand access and programming to create a more inclusive arts environment for individuals with disabilities in Rhode Island. The Council included this proposal in its FY 2019 request; neither the Governor, nor the Assembly concurred.

The Council's constrained budget excludes this request. *The Governor recommends \$100,000 less than requested to support this initiative.*

Arts Workforce Development Grant. The Council requests \$30,000 from general revenues for a new pilot program to support the development of a skilled arts workforce in Rhode Island, through a curriculum developed by the Council in conjunction with the Providence Department of Art, Culture + Tourism, and the Rhode Island School of Design's continuing education program.

The grant would supply direct financial support to a cohort of 7 to 12 adults ages 18 to 25, their mentors, and cover education costs and supplies. The program is reported to last four months, during which the cohort will apprentice with a local arts organization, attend formal classes, and participate in a joint capstone project using the skills developed, including project management, budgeting, marketing, as well as AutoCAD and other digital design program training.

The Council's constrained budget excludes this request. *The Governor recommends the \$30,000 requested.*

Other State Grants. Consistent with the enacted budget, the Council requests \$575,000 from general revenues for its remaining state supported grant programs. The request includes the enacted amounts of \$200,000 for the Council's competitive pool grants, and \$375,000 for Providence Waterfire. The 2016 Assembly ended the legislative grant program and provided these appropriations in place of the prior funding. *The Governor recommends funding as requested.*

Federal Grants. The Council requests \$458,582, which is \$31,717 more than enacted from federal National Endowment for the Arts funds for grant support for individuals and organizations to help support the arts and encourage artists to continue to make the arts visible in the community. The amount requested reflects an anticipated increase to the award amount. Funding is currently used to support ten different grant types, often in conjunction with state sources of funding. *The Governor recommends funding as requested.*

Expansion Arts. Consistent with the enacted budget, the Council requests \$5,000 from restricted receipts for scholarship opportunities for its Expansion Arts program. The Expansion Arts program is a collaboration supported by donations from the Rhode Island Foundation, organizational assistance to community-based, culturally diverse arts and cultural organizations from the Rhode Island Council for the Humanities and administered by the Rhode Island State Council on the Arts. *The Governor recommends funding as requested.*

Sales and Use Tax Promotion. The Council requests \$25,000 from general revenues for a new initiative to promote the Rhode Island sales and use tax exemption for original artwork. This includes works of print,

performance, and fine arts by writers, composers, performance and visual artists residing and conducting business in the State of Rhode Island.

The Council intends to use the funds to place ads in regional and national arts publications and media outlets and work with tourism entities to promote the program. The state's tourism website makes several mentions of the sales and use tax exemption on artwork. Rhode Island is the only New England state to exempt works of art from sales and use taxes. The Council included this proposal in its FY 2019 request; neither the Governor, nor the Assembly concurred.

The Council's constrained budget excludes this request. *The Governor does not recommend this initiative.*

Percent for Art Program. The Council requests \$0.6 million, \$0.2 million more than enacted for the Percent for Art program for public art projects at various new state-owned facilities. The request includes \$0.2 million more for project expenses, and \$1,200 more for consultants, approximately 4 percent more than enacted. The request reflects eight projects, of which half are anticipated to close in FY 2019, with the remaining projects anticipated to close in FY 2020. *The Governor recommends funding as requested.*

Other Staffing and Operations. The Council requests \$1.1 million, which is \$15,518 more than enacted from all sources, including \$3,788 more from general revenues and \$11,730 more from federal funds for all other expenses. The request supports the Council's 8.6 full-time equivalent positions, of which 2.6 are assigned to the Television and Film Office.

The request includes \$1.0 million for staffing expenses and \$0.1 million for operational expenses. Consistent with the error in the revised request the FY 2020 request also appears to understate staffing expenses by approximately \$23,000. Other expenditures requested are consistent with the enacted budget.

The Governor recommends \$8,485 more than enacted, including \$3,245 less from general revenues. The recommendation reflects statewide benefit savings of \$5,108. It also includes \$1,895 in potential savings from three separate statewide savings initiatives designed to reduce operating costs.

Administrative Bond Expenses. The Council requests \$10,000 from general obligation bond proceeds to administer the Creative and Cultural Economy Bond approved by voters in November 2016, in error. Bond proceeds are not included in the operating budget. *The Governor's recommendation excludes these funds.*

Rhode Island Atomic Energy Commission

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,106,642	\$ 1,115,630	\$ 1,167,155	\$ 1,162,713
Contracted Services	1,109	270	270	270
Subtotal	\$ 1,107,751	\$ 1,115,900	\$ 1,167,425	\$ 1,162,983
Other State Operations	226,219	167,537	233,902	181,911
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	162,817	90,817	150,200	150,200
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,496,787	\$ 1,374,254	\$ 1,551,527	\$ 1,495,094
Sources of Funds				
General Revenue	\$ 1,078,908	\$ 1,018,455	\$ 1,115,527	\$ 1,059,094
Federal Aid	-	7,936	-	-
Restricted Receipts	99,000	27,000	99,000	99,000
Other	318,879	320,863	337,000	337,000
Total	\$ 1,496,787	\$ 1,374,254	\$ 1,551,527	\$ 1,495,094
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island Atomic Energy Commission requests \$1.6 million from all sources, including \$1.1 million from general revenues, \$287,000 from University of Rhode Island Sponsored Research funds, \$50,000 from Rhode Island Capital Plan funds, and \$99,000 from restricted receipts. This is \$54,740 more than enacted, including \$36,619 more from general revenues, and \$18,121 more from University funds. The Commission requests 8.6 full time-equivalent positions, consistent with the current authorized level.

The Governor recommends \$1.5 million from all sources, which is \$1,693 less than enacted including \$19,814 less from general revenues. The recommendation is \$56,433 less than requested from general revenues and includes \$8,170 of statewide savings, noted below where appropriate. The Governor recommends staffing consistent with the enacted authorization.

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.1 million, including current service adjustments of \$36,619 and a 5.0 percent target reduction adjusted for certain exclusions of \$52,805.

The constrained budget submitted by the agency is consistent with the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$3,628 less than the target.*

FY 2020 Budget	Budget Office	Atomic Energy	Difference
FY 2019 Enacted	\$ 1,078,908	\$ 1,078,908	\$ -
Current Service Adjustments	36,619	36,619	-
<i>Change to FY 2019 Enacted</i>	\$ 36,619	\$ 36,619	\$ -
FY 2020 Current Service/Unconstrained Request	\$ 1,115,527	\$ 1,115,527	\$ -
Target Reduction/Initiatives	(52,805)	(52,805)	-
FY 2020 Constrained Target/Request	\$ 1,062,722	\$ 1,062,722	\$ -
<i>Change to FY 2019 Enacted</i>	<i>\$ (16,186)</i>	<i>\$ (16,186)</i>	<i>\$ -</i>

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Commission's request of \$59,429 from general revenues for information technology services is consistent with the enacted budget, and is \$51,885 more than FY 2018 expenditures. *Consistent with her revised budget, the Governor recommends \$48,261 less than requested based on billings through November.*

Salaries and Benefits. The Commission requests \$1.2 million for salary and benefit costs, including \$1.0 million from general revenues and \$0.2 million from University research funds. This is \$60,513 more than enacted, including \$47,563 more from general revenues and \$12,950 more from University research funds, and funds the Commission's 8.6 full-time equivalent positions, consistent with the Budget Office's planning values.

The Commission's constrained request includes \$111,102 less from all funds, including \$42,219 less from general revenues and \$68,883 less from University research funds. This reduction would be achieved by laying off the Health Physicist, the most recent hire. This position is one of the 2.6 positions that is shared between the Commission and the University.

The Governor recommends \$4,442 less than requested from general revenues and reflects statewide savings. It appears there are statewide savings in other non-general revenue sources not taken.

Asset Protection. The Commission requests \$50,000 from Rhode Island Capital Plan funds for capital asset protection projects, consistent with the enacted amount. The Commission spent \$77,649 on asset protection projects in FY 2018, \$32,246 in FY 2017, \$69,036 in FY 2016 and \$61,069 in FY 2015. *The Governor recommends funding as requested. A detailed description of these projects is included in the Capital Budget section of this publication.*

Other Operations. The Commission requests \$175,943 from all sources, including \$93,943 from general revenues and \$82,000 from University research funds for all other operations. This is \$5,773 less than enacted including \$10,944 less from general revenues and \$5,171 more from University research funds. The Commission has identified savings from repairing equipment and machinery rather than replacing as necessary; however, these savings are offset by increases in utility and travel expenses for annual certification conferences.

The Commission's constrained request includes \$38,139 less from all sources, including \$10,586 less from general revenues and \$27,553 less from University research funds achieved by reducing discretionary operating expenses. The operating expenses identified for reduction eliminate most of the Commission's capacity to host students as an educational facility.

The Governor recommends \$3,730 less than the unconstrained request from general revenues, based on three separate statewide savings initiatives designed to reduce operating costs.

Reactor Fee Receipts. The Commission charges reactor fees for commercial utilization of the reactor based on the organizational status of the requesting agency and the quantity of reactor time requested. Reactor fees were historically deposited as general revenues and averaged approximately \$20,000 annually over the last five years. The 2018 Assembly created a restricted receipt account for the reactor fee revenues to be used for the maintenance of the Commission's equipment. The Commission requests \$99,000 from restricted receipts based on the anticipated utilization of the reactor pending commercial negotiations. Reactor fees collected through the first quarter of FY 2019 total \$2,500. *The Governor recommends funding as requested.*

Historical Preservation and Heritage Commission

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,686,107	\$ 1,739,950	\$ 1,849,396	\$ 1,834,407
Contracted Services	-	-	-	-
Subtotal	\$ 1,686,107	\$ 1,739,950	\$ 1,849,396	\$ 1,834,407
Other State Operations	156,191	264,672	194,281	249,195
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	610,728	786,968	1,415,728	505,728
Capital	1,000	1,000	6,000	6,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,454,026	\$ 2,792,590	\$ 3,465,405	\$ 2,595,330
Sources of Funds				
General Revenue	\$ 1,210,054	\$ 1,381,551	\$ 1,569,954	\$ 1,488,293
Federal Aid	696,513	846,018	430,863	557,028
Restricted Receipts	465,870	439,802	426,018	421,439
Other	81,589	125,219	1,038,570	128,570
Total	\$ 2,454,026	\$ 2,792,590	\$ 3,465,405	\$ 2,595,330
FTE Authorization	15.6	15.6	15.6	15.6

Summary. The Commission requests \$3.5 million, which is \$1.0 million more than enacted from all sources. This includes \$0.4 million more from general revenues, \$0.3 million less from federal funds, \$39,852 less from restricted receipts, and \$0.9 million more from other funds. The request includes the authorized level of 15.6 full-time equivalent positions.

The Commission also submitted a constrained request that is \$0.4 million less than the unconstrained request.

The Governor recommends \$2.6 million from all sources, which is \$0.1 million more than enacted including \$0.3 million more from general revenues. The recommendation is \$0.9 million less than requested including \$0.1 million less from general revenues. This includes \$19,879 in statewide savings, noted below where appropriate. Recommended staffing is consistent with the enacted authorization.

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.2 million, including current service adjustments of \$40,103 and a 5.0 percent target reduction of \$0.1 million, adjusted for certain exclusions. The constrained budget submitted by the Commission is \$7,583 less than the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's budget is \$0.3 million more than the target.*

FY 2020 Budget	Budget Office		HPHC	Difference		
FY 2019 Enacted	\$	1,210,054	\$	1,210,054	\$	-
Current Service Adjustments		40,103		154,098		113,995
New Initiatives		-		205,802		205,802
Change to FY 2019 Enacted	\$	40,103	\$	359,900	\$	319,797
FY 2020 Current Service/Unconstrained Request	\$	1,250,157	\$	1,569,954	\$	319,797
Target Reduction/Initiatives		(56,272)		(383,652)		(327,380)
FY 2020 Constrained Target/Request	\$	1,193,885	\$	1,186,302	\$	(7,583)
Change to FY 2019 Enacted	\$	(16,169)	\$	(23,752)	\$	(7,583)

Department of Transportation Project Review. The Commission requests \$128,570 from Department of Transportation reimbursements for personnel and operating expenditures related to project review, which is \$46,981 more than enacted. The Commission reports that the Department has increased the number of projects that require the Commission's review. Expenditures include \$87,195 for salaries and benefits which is \$5,981 more than enacted to fully fund 1.0 full-time equivalent position. Consistent with the revised request, the Commission requests \$41,375 for miscellaneous expenses which is \$41,000 more than the enacted. The Commission indicated that expenditures will most likely be spent on site visits and training. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Commission requests \$1.8 million from all funds to fully fund the remaining 14.6 full-time equivalent positions, which is \$0.2 million more than enacted. This includes \$0.4 million more from general revenues, \$0.2 million less from federal funds, and \$40,152 less from restricted receipts. The request also appears to be overstated by \$31,313. The request shifts personnel expenditures from federal funds and restricted receipts to general revenues because the Commission indicates there is not enough funding available. This contention is not supported by the facts which shows there is enough federal funding to support 5.2 full-time positions.

The Commission's constrained request includes \$383,652 less from general revenues achieved by shutting down the agency for 14.5 consecutive weeks. This is not a viable option; the savings is equivalent to approximately four positions. The Commission also included \$176,206 less from federal funds and \$34,227 less from the Department of Transportation.

The Governor recommends \$14,989 less than requested which reflects statewide benefit savings. The recommendation does not include most of the requested shift from general revenues to federal funds but does provide \$0.2 million more than enacted. It does not appear to adjust the overstatement of costs in the request.

Survey and Planning. Consistent with the enacted budget, the Commission requests \$59,028 from the National Park Service Historical Preservation Act Grant for certified local grants to carry out historic preservation activities such as surveys, preservation plans, National Register nominations, architectural plans and specification, historic structures reports, and engineering studies necessary to restore or repair properties listed on the National Register of Historic Places. *The Governor recommends funding as requested.*

National Maritime Heritage Grant. The Commission's request removes funding for the National Park Service Maritime Grant funds, for which the enacted budget includes \$105,000 to reflect the closing of its federal National Park Service Maritime Grant. Funding was used for the Steamship Historical Society of America and the Block Island Southeast Lighthouse Cast Iron Restoration. Both projects are expected to finish during FY 2019. *The Governor excludes funding as requested.*

State Preservation Grant Programs. The Commission's request includes \$0.9 million from general obligation bond funds currently being spent. General obligation bond funds do not appear in agency

operating budgets. They are shown in the capital budget, and only the debt payments appear as appropriations. *The Governor's budget correctly excludes this from the operating budget.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the request includes \$96,125 from general revenues for the Commission's share of centralized services. This includes \$62,955 for facilities management and \$31,770 for information technology services. *The Governor recommends \$60,117 more than enacted which includes \$49,780 more for facilities management and \$10,337 more for information technology services based on billings through November and December 2018. The budget assumes \$59,201 more for facilities management than spent in FY 2018; there has been no explanation of this.*

Other Operations. The Commission requests \$0.6 million for other state expenses. This is \$2,090 more from all funds including \$1,790 more from general revenues and \$5,500 to purchase a new computer server. This largely reflects FY 2018 expenditures and the revised request. *The Governor recommends \$5,203 less from general revenues than requested, which includes a \$4,893 reduction for three separate statewide savings initiatives designed to reduce operating costs and \$310 to further adjust operating expenses consistent with FY 2018 expenditures and her revised budget.*

Office of the Attorney General

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Criminal	\$ 30,075,358	\$ 32,986,954	\$ 22,228,228	\$ 21,666,600
Civil	6,319,231	6,290,003	6,594,520	6,361,020
Bureau of Criminal Identification	1,731,361	1,716,316	1,870,764	1,769,535
General	3,477,026	3,409,886	3,357,372	3,490,563
Total	\$ 41,602,976	\$ 44,403,159	\$ 34,050,884	\$ 33,287,718
Expenditures by Category				
Salaries and Benefits	\$ 27,396,599	\$ 27,196,590	\$ 28,322,655	\$ 28,514,979
Contracted Services	2,026,425	2,505,217	1,438,616	508,616
Subtotal	\$ 29,423,024	\$ 29,701,807	\$ 29,761,271	\$ 29,023,595
Other State Operations	2,778,551	2,972,260	2,941,718	2,916,228
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	9,401,401	11,729,092	1,347,895	1,347,895
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 41,602,976	\$ 44,403,159	\$ 34,050,884	\$ 33,287,718
Sources of Funds				
General Revenue	\$ 27,959,192	\$ 27,745,213	\$ 28,650,726	\$ 28,675,203
Federal Aid	12,710,334	15,377,486	4,329,880	3,552,999
Restricted Receipts	783,450	1,130,460	920,278	909,516
Other	150,000	150,000	150,000	150,000
Total	\$ 41,602,976	\$ 44,403,159	\$ 34,050,884	\$ 33,287,718
FTE Authorization	237.1	237.1	237.1	239.1

Summary. The Office of the Attorney General requests \$34.1 million from all sources, including \$28.7 million from general revenues. This is \$7.6 million less than enacted, including \$0.7 million more from general revenues, \$8.4 million less from federal funds, and \$136,828 more from restricted receipts. The Office requests 237.1 full-time equivalent positions, consistent with the authorized level.

The Governor recommends \$33.3 million from all sources, which is \$8.3 million less than enacted including \$0.7 million more from general revenues. The recommendation is \$0.8 million less than requested including \$24,477 more from general revenues. This includes \$242,820 in statewide savings, noted below where appropriate. The Governor recommends 239.1 full-time equivalent positions, 2.0 positions above the current authorization.

Target Issues. The Budget Office provided the Office with a general revenue target of \$27.4 million. The amount includes current service adjustments of \$0.9 million and a 5.0 percent target reduction adjusted for certain exclusions of \$1.4 million.

The unconstrained budget submitted by the agency is \$0.2 million below the current service estimate; the Office did not submit a constrained budget request. *The Governor's budget is \$1.3 million more than the target.*

FY 2020 Budget	Office of the		
	Budget Office	Attorney General	Difference
FY 2019 Enacted	\$ 27,959,192	\$ 27,959,192	\$ -
Current Service Adjustments	866,299	691,534	(174,765)
Change to FY 2019 Enacted	\$ 866,299	\$ 691,534	\$ (174,765)
FY 2020 Current Service/Unconstrained Request	\$ 28,825,491	\$ 28,650,726	\$ (174,765)
Target Reduction/Initiatives	(1,431,525)	-	1,431,525
FY 2020 Constrained Target/Request	\$ 27,393,966	\$ 28,650,726	\$ 1,256,760
<i>Change to FY 2019 Enacted</i>	\$ (565,226)	\$ 691,534	\$ 1,256,760

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Office requests \$29,581 from general revenues for its share of information technology services, consistent with the enacted budget. This is \$4,699 less than actual FY 2018 expenditures. *Consistent with her revised budget, the Governor recommends \$21,217 more than requested based on billings through November; which is \$16,518 more than FY 2018 expenditures.*

Volkswagen Settlement. Volkswagen has agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emission tests to hide the excess pollution. As part of the settlement, states are eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other environmentally beneficial projects; the state will receive a total of \$18.5 million. The Department of Environmental Management is the designated state agency for implementation of a Beneficiary Mitigation Plan for use of \$14.4 million of the Volkswagen Settlement funds. The plan would use approximately \$10.0 million to replace 20 Rhode Island Public Transit Authority diesel buses with zero-emission electric buses and purchase associated charging equipment over 10 years. Other uses of the funds are \$1.5 million to expand vehicle charging stations throughout the state for personal electric cars and \$2.2 million for the administrative costs to implement these initiatives. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects” as directed by the Attorney General.

The Office indicates that funding will be completely disbursed in FY 2019 for all projects except the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with Housing Works of Rhode Island. Each project will have a correlating memorandum of understanding. It does not appear that any funds will pass through the Office’s budget. *The Governor includes funding in the budgets of the Departments of Transportation, Health, and Environmental Management.*

Traffic Resources Prosecutor (1.0 FTE). Prior to FY 2019, the Office maintained a federally funded unit that oversaw the prosecution of all alcohol-related driving accidents, provided law enforcement training, and performed community outreach promoting motor vehicle safety. Federal funding for this program required a dedicated, full-time prosecutor. The prosecutor previously assigned to this unit held multiple assignments, resulting in the lapse of federal funding. All traffic related matters have been addressed by the Providence County District Court Unit Chief since federal program funding ceased. The Office’s budget request did not include renewed funding.

The Governor recommends \$110,759 from federal funds and authorization for 1.0 new staff attorney to serve as a dedicated traffic resources prosecutor.

Intake Unit (1.0 FTE). The Criminal Division's Intake Unit operates out of the Providence County Superior Court and provides scheduling assistance for the pre-arraignment calendar, prepares and electronically files information packages, prepares and maintains case files for felony screening, and responds to inquiries regarding pending cases. The Office currently has 3.0 case intake coordinators that review all felony cases received. *The Governor recommends \$71,327 from general revenues and authorization for 1.0 new intake clerk to assist with intake and screening operations.*

Other Salaries and Benefits. The Office requests \$28.4 million for salary and benefit expenses, including \$26.0 million from general revenue, \$1.7 million from federal funds and \$0.6 million from restricted receipts to mostly fund its 237.1 full-time equivalent positions. This is \$1.0 million more than enacted, including \$0.7 million more from general revenues, \$0.3 million more from federal funds and \$0.1 million more from restricted receipts. The enacted budget assumed \$0.7 million in turnover savings, funding 231.0 positions, and the current request includes roughly \$0.4 million in turnover savings. Additional changes include restored federal funds previously removed from the enacted budget due to funding uncertainty and current service adjustments consistent with Budget Office planning values. The restored federal funds total \$0.3 million and offset a like amount of general revenue expenses. As of the December 8 payroll, 229.1 positions are filled.

Subsequent to the original budget submission, the Office indicated that it overstated availability of several federal grants. Consistent with her revised budget, the Governor recommends \$20,803 less than requested from all sources, including \$105,099 more from general revenues. This reduces general revenues by \$196,098 to reflect statewide benefits savings, shifts approximately 0.6 position from federal funds to general revenues, and restores turnover savings equal to approximately 1.6 position. The recommendation appears to be utilizing general revenues instead of federal funds for certain personnel expenses, even if federal funding is available. It also appears there are statewide savings from non-general revenue sources not taken.

New Building Maintenance. The Office requests \$95,742 from Google Settlement funds to support ongoing maintenance, such as grounds keeping, janitorial, security and fire protection for the new building located at 4 Howard Avenue, which is \$78,280 more than enacted to reflect a full year of building occupancy. The amount requested reflects the Office's best estimate for annualized service costs based on similar services at 180 South Main Street. The enacted budget did not include funding as an estimate of the cost was not developed. *The Governor recommends funding as requested.*

Capital Improvements. The Office requests \$1.1 million from Google Settlement funds to support ongoing capital improvement projects. This is \$8.7 million less than enacted, as major projects are scheduled for completion in FY 2019. Since FY 2013, these funds have supported expansion efforts along with major renovation and improvement projects, including the construction of the new building at Howard Avenue, the acquisition of 180 South Main Street, major renovations of the Licht Judicial Complex and Main Street locations, and technology enhancements for operating systems within each division.

Projects supported by Google Settlement funds are approved by the Department of Justice, and are separate from asset protection projects supported by Rhode Island Capital Plan funds. The Office's request includes \$150,000 from that source for asset protection projects, which is consistent with the enacted and approved capital plan.

The Governor recommends funding as requested. A detailed analysis of this project is included in the Capital Budget section of this publication..

Contracted Information Technologies Project Manager. The Office’s revised request includes \$45,500 from general revenues to support the contracted Information Technologies Project Manager through FY 2019. This contract was previously supported by Google Settlement funds, as approved by the Department of Justice. However, the approved hours under contract were exhausted and the Department of Justice denied the request to support the position through project completion. This position is the Office’s main point of contact for the ongoing enhancements to its case management systems. The Office did not request additional funding beyond the revised request. *The Governor recommends \$100,000 from general revenues to support the contracted position through the end of FY 2020, consistent with the revised recommendation.*

Medicaid Fraud and Abuse System. The Office requests \$1.0 million for a new data mining system to enhance the Medicaid Fraud Unit’s efforts to combat fraud, waste and abuse in the state’s Medicaid program. Funding requested includes \$772,500 from federal Medicaid funds matched by \$257,500 from general revenues. The enacted budget included \$750,000 from federal Medicaid funds and \$250,000 from general revenues assuming system development in FY 2019. The cost of the system was originally recommended to be spread over FY 2018 and FY 2019 because of potential timing issues with the award and implementation, but further delay led to all funds being enacted for FY 2019.

The Office indicates that the current request intended to shift funding from FY 2019 to FY 2020 to account for delayed project implementation, instead it includes \$1.0 million in both years. In addition, the Office is requesting an increase of \$22,500 from federal Medicaid funds and \$7,500 from general revenues to account for cost escalations as the future of this project will be at the discretion of the new administration. A Request for Proposals for potential vendors was issued in October 2017, however a vendor has yet to be selected. *The Governor does not recommend funding.*

Consumer Education - Carbon Study. The 2017 Assembly passed Senate Bill 0108 as amended, which made changes to the Rhode Island General Law, Section 42-6.2-2 of the Resilient Rhode Island Act of 2014 – Climate Change Coordinating Council. This bill directed the council to submit a plan to the Governor and General Assembly detailing strategies, programs and actions to meet specific targets for greenhouse gas emissions reductions by December 31, 2017. The Office has agreed to complete the necessary Carbon Study and produce supporting materials as requested by the Council. Its revised request includes \$285,343 for most of the work.

The Office’s FY 2020 request includes \$36,518 from restricted receipts for the continued distribution of pamphlets and materials communicating the carbon study results. The study will assist the Council in advancing the state’s understanding of the effects of climate change, develop a strategy to meet targeted greenhouse gas emissions reductions, and educate the public through community outreach. The study will be funded by restricted receipts generated from previous consumer oriented settlement awards, which are managed at the sole discretion of the Attorney General. *The Governor recommends funding as requested.*

Transition Costs. The Office’s request excludes the \$58,076 of one-time transition costs provided for FY 2019 for the newly elected Attorney General. *The Governor excludes funding as requested.*

Other Operations. The Office requests \$3.3 million from all sources, including \$2.3 million from general revenues, \$0.7 million from federal funds and \$0.2 million from restricted receipts for all other operations. This includes \$0.6 million for office equipment and supplies, \$0.5 million for maintenance and facility services, \$0.4 million for subscriptions, dues and fees, \$0.3 million for leased office space and equipment, \$0.3 million for technology support, \$0.2 million for utilities, \$0.2 million for specialized consultants, \$0.2 million for vehicles, \$0.1 million for advertising, and \$0.5 million for all remaining expenses. This request is \$0.1 million more than enacted including \$117,473 more from general revenues. *The Governor recommends \$46,707 less than requested from general revenues. This includes \$46,722 less to reflect three separate statewide savings initiatives designed to reduce operating costs, and \$15 more for audit fees based on subsequent information from the Office.*

Department of Corrections

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 16,175,973	\$ 16,218,941	\$ 17,742,224	\$ 16,687,410
Parole Board	1,428,547	1,481,382	1,630,862	1,618,421
Custody and Security	141,718,871	141,936,388	149,433,468	141,862,728
Institutional Support	35,863,846	34,925,635	35,487,737	34,311,913
Institutional Based Rehab/Pop	14,367,039	14,677,215	15,180,429	15,091,751
Healthcare Services	24,186,222	25,657,355	25,250,804	25,821,609
Community Corrections	17,678,921	16,668,605	17,551,953	17,411,458
Total	\$ 251,419,419	\$ 251,565,521	\$ 262,277,477	\$ 252,805,290
Expenditures by Category				
Salaries and Benefits	\$ 190,554,770	\$ 189,063,639	\$ 200,907,483	\$ 190,808,751
Contracted Services	14,739,394	16,627,407	16,362,059	15,383,868
Subtotal	\$ 205,294,164	\$ 205,691,046	\$ 217,269,542	\$ 206,192,619
Other State Operations	30,527,921	29,111,218	30,718,736	28,923,035
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,711,546	2,711,546	2,261,546	4,518,265
Capital	12,885,788	14,051,711	12,027,653	13,171,371
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 251,419,419	\$ 251,565,521	\$ 262,277,477	\$ 252,805,290
Sources of Funds				
General Revenue	\$ 237,063,223	\$ 235,649,651	\$ 249,081,397	\$ 238,105,210
Federal Aid	1,796,840	2,217,131	1,886,711	1,886,711
Restricted Receipts	59,356	64,399	59,369	59,369
Other	12,500,000	13,634,340	11,250,000	12,754,000
Total	\$ 251,419,419	\$ 251,565,521	\$ 262,277,477	\$ 252,805,290
FTE Authorization	1,416.0	1,416.0	1,416.0	1,426.0
Prison Population	2,849	2,730	2,762	2,691

Summary. The Department requests \$262.3 million, \$10.9 million more than enacted from all sources of funds, including \$12.0 million more from general revenues. The Department requests 1,416.0 full-time equivalent positions consistent with the authorized level. The Department's FY 2020 request is based on a population of 2,762 which is 87 fewer inmates than the enacted assumption.

The Governor recommends \$252.8 million from all sources, including \$238.1 million from general revenues. The recommendation is \$9.5 million less than requested including \$11.0 million less from general revenues. The recommendation is \$1.4 million more than enacted including \$1.0 million more from general revenues. The Governor recommends 1,426.0 full-time equivalent positions which is 10.0 more than authorized. The Governor assumes a population of 2,691 which is 71 less than the Department's

request. The recommendation includes \$2.2 million in statewide adjustments, noted below where appropriate.

Target Issues. The Budget Office provided the Department with a general revenue target of \$232.2 million. The amount includes current service adjustments of \$7.1 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$11.5 million.

The constrained budget submitted by the Department is consistent with the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$5.9 million more than the target.*

FY 2020 Budget	Budget Office	Department of Corrections	Difference
FY 2019 Enacted	\$ 237,063,223	\$ 237,063,223	\$ -
Current Service Adjustments	7,097,446	8,376,249	1,278,803
New Initiatives	-	3,641,925	3,641,925
Change to FY 2019 Enacted	\$ 6,647,446	\$ 12,018,174	\$ 4,920,728
FY 2020 Current Service/Unconstrained Request	\$ 243,710,669	\$ 249,081,397	\$ 4,920,728
Target Reduction/Initiatives	(11,461,519)	(16,832,247)	(5,370,728)
FY 2020 Constrained Target/Request	\$ 232,249,150	\$ 232,249,150	\$ -
<i>Change to FY 2019 Enacted</i>	\$ (4,814,073)	\$ (4,814,073)	\$ -

Population. The enacted budget is based on a population 2,849. The FY 2020 request is based on more current data and assumes a population of 2,762, which is 87 fewer than included in the enacted budget. The Department contracts with a firm to prepare population estimates, which revised the population estimate for FY 2020 downward to 2,762 and reflects a population essentially consistent with the FY 2019 revised population estimate of 2,760. This is the population upon which the FY 2020 request is based.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2010 through the FY 2020 recommendation. The average population for the first five months of FY 2019 is 2,745.

History	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<i>Request</i>	4,008	3,709	3,416	3,231	3,152	3,170	3,292	3,260	3,059	2,865	2,762
Governor	4,008	3,643	3,416	3,231	3,152	3,170	3,292	3,200	3,059	2,865	2,691
Enacted	3,767	3,450	3,239	3,194	3,152	3,170	3,292	3,200	3,000	2,849	-
Revised Request	3,669	3,350	3,264	3,146	3,192	3,239	3,206	3,058	2,853	2,760	-
Governor Revised	3,659	3,350	3,265	3,146	3,192	3,239	3,182	2,999	2,853	2,730	-
Final	3,551	3,273	3,192	3,146	3,192	3,239	3,183	2,999	2,837	-	-
<i>Actual</i>	3,502	3,273	3,191	3,160	3,214	3,183	3,068	2,958	2,784	-	-

The Governor's recommendation assumes a population of 2,691 which is 71 less than assumed in the request and 174 less than assumed in the enacted budget. The average population through December is 2,728.

Institutional Corrections

High Security Renovations. The High Security Center has the highest cost per inmate of all the facilities. The population consists of inmates who require especially close custody because they pose a significant threat to the safety, security and orderly operation of the other facilities or whose enemy situations are so severe to be placed in a general population environment would pose a considerable risk of bodily injury. The High Security Center can house up to 166 inmates, as three of the housing units have double bunks in each cell; however, operational capacity is 138 inmates as double bunks can only be used when the housing unit is used for non-high security inmates such as those in protective custody. The enacted budget includes \$1.5 million in savings based on a plan to close housing units in High Security and transfer some inmates to other Department facilities. In addition to producing savings, the consolidation of inmates would allow those transferred from High Security better access to programs. As of the end of December 2018, High Security has averaged 85 inmates in FY 2019.

Between FY 2016 and FY 2018, High Security costs increased by \$1.4 million from all funds. In FY 2016, the average population at High Security was 96 at a total cost of \$14.7 million which is \$153,134 per inmate. In FY 2017, the population was 93 at a total cost of \$15.6 million which is \$168,228 per inmate. In FY 2018, the average population at High Security was 88 with a total cost of \$16.1 million which is \$183,411 per inmate. This increase is similar to other facilities across the same time period. The approved capital plan also includes a feasibility study to review options to optimize the functioning of the Department's facilities. As of January 1, 2019, that study has not been completed.

High Security Center			
Fiscal Year	Actual	Number of Inmates	Cost Per Inmate
2016	\$ 14,700,834	96	\$ 153,134
2017	\$ 15,645,235	93	\$ 168,228
2018	\$ 16,140,137	88	\$ 183,411

The Governor's recommendation includes operating savings of \$5.1 million from general revenues associated with the proposal to renovate the High Security Center beginning on October 1, 2019. These savings include a reduction of overtime costs by \$7.4 million from placing 98 High Security correctional officers at other facilities and \$0.3 million in per diem savings from the transfer of inmates out-of-state. The recommendation assumes costs of \$3.9 million for the transfer of 36 inmates to other buildings with lower security classifications within the Department. These savings are offset by \$2.3 million more for housing the other 50 inmates out-of-state based on the \$60,179 annual cost of the only maximum security facility in Massachusetts. An analysis of the facility renovation project is included in the Capital Budget section of this publication.

High Security Center Renovations			
	Cost	Number of Inmates	Cost per Inmate
Cost for High Security	\$ 14,971,585	86	\$ 174,088
<i>Transfer to Other ACI Facilities</i>			
Facility Transfer (Overtime Savings)	(9,822,937)	36	
<i>Out-of-State Transfer</i>			
Inmate Placement Cost	3,275,300	50	60,179
Per Diem Savings	(266,350)		
Annual Savings	\$ (6,813,987)	86	\$ (79,232)
October 1 Savings	\$ (5,110,491)	86	\$ (59,424)

Savings are calculated based on the three quarters of the Department's FY 2020 general revenue request for High Security and does not include overhead costs such as administrative or capital. The previous table shows the details of the proposal.

Hepatitis C Protocol Change. 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 costly curative medication for Hepatitis C regardless of the stage of the disease. The Department of Corrections usually follows the state's Medicaid protocols. Previously, the Department had only provided maintenance medication for inmates in the early stages of the disease and curative medication for inmates in more advanced stages which was the prior Medicaid standard. The Department expects to treat an additional 180 inmates for Hepatitis C in FY 2019 at a cost of \$4.5 million. In the Department's FY 2020 request, it expects costs to double to \$9.0 million. However, no additional funding was requested though an estimate of \$4.5 million for FY 2019 was noted in the Budget Office's first quarter report. The treatment cycle is three months long and, beginning in February 2019, will have 30 people in treatment each month. The FY 2020 estimate is based on seeing an average of 30 people a month for 12 months.

The Governor recommends \$2.4 million more than enacted to treat 120 inmates. The recommendation includes classifying the Department as a sexually transmitted disease safety net clinic which allows it to purchase medication at a lower price through the federal Public Health Service Act. To qualify for these funds, the Department must test every inmate for sexually transmitted diseases and the recommendation includes \$60,480 for sexually transmitted disease testing. The recommendation changes the treatment length from the initial projection of 12 weeks to 8 weeks, and adjusts treatment costs to reflect actual treatments done elsewhere through the Public Health Service Act.

Population: Per Diem Expenditures. The Department requests \$14.9 million, \$0.8 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is largely consistent with adjustments in the Department's revised request for FY 2019, but slightly less. These expenditures are for items such as food, inmate clothing and linens, and janitorial supplies. Another major contributor to these expenses are medical costs, which include both inpatient and outpatient services as well as contracted dentistry services. The Department spent \$5,497 per inmate for FY 2018. The enacted budget includes annual inmate costs of \$4,938 and the revised request increases these costs to \$5,418 per year. The FY 2020 request includes \$5,400 per inmate for per diem expenditures which is 9.2 percent or \$462 more than enacted, and \$18 less than the revised request. *The Governor's recommendation is \$0.6 million less than requested. This includes \$0.4 million to reflect a smaller population and \$0.2 million in estimated savings from a statewide prompt payment initiative that includes lower pharmaceutical costs.*

Unidentified Healthcare Savings. The Department requests total healthcare costs of \$25.3 million from general revenues including general services, dental, mental health, nursing, pharmaceuticals, and other physician services. This is \$0.5 million more than the FY 2019 revised request, \$1.1 million more than enacted, and \$1.9 million more than FY 2018. Between FY 2014 and FY 2018, costs rose by a total of \$4.1 million, which is an average increase of 3.5 percent or \$0.8 million annually. Within the same time period, the cost per inmate increased by an average of 8.4 percent per year. The Department spent \$22.5 million in FY 2017 and \$23.3 million in FY 2018. *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.*

Rhode Island Brotherhood of Correctional Officers Contract. The Department requests \$0.9 million from general revenues for items agreed upon by the state and the Rhode Island Brotherhood of Correctional Officers in August 2018 above the cost-of-living adjustment already funded in the enacted budget. This is

\$0.1 million lower than the revised request which includes a retroactive payment for FY 2018 clothing allowances. Union members will receive the same cost-of-living adjustments as other state employees which began with a 2.0 percent increase on January 2018; this was included in the enacted budget. The primary difference negotiated was regarding injured on duty compensation. Additional items include the elimination of step 15 for some classifications in the pay scale, a higher stipend for clothing allowances, and a stipend for completion of 40 hours of in-service training. No additional funds were requested. In projections made during contract negotiations, the Department assumed costs of \$1.3 million in additional funds needed for injury compensation changes for the first 12 months. *The Governor recommends funding as requested.*

Temporary Staff. The Department requests \$0.4 million which is \$0.1 million more than enacted to use temporary staff to fill critical vacancies in institutional corrections until these positions can be filled. Most of these positions are for the Institutional Rehabilitation and Population Management program's rehabilitation services. The Department plans to use temporary hires to fill vacancies in education, medical clerical services, classification and reentry services. This is consistent with the revised request and FY 2018 actual spending. *The Governor recommends funding as requested.*

CO Class 83. For FY 2020, the Department requests \$0.9 million from general revenues for the training of correctional officer Class 83. There is no funding in the enacted budget for training, as there is no class scheduled to be recruited until June 2019. The enacted budget provides funding for recruitment. This new class of 70 correctional officers would be trained during FY 2020 and graduate in January 2020. The Department's request assumes that graduates will be hired as attrition occurs instead of as an entire class, as was done with Class 82 which began in July 2018. This is consistent with practice prior to Class 82.

The Governor recommends \$1.0 million less than requested; savings of \$0.1 million resulting from the hiring of the entire Class 83. The recommendation includes advancing \$0.3 million of requested training costs to FY 2019 to begin training in June 2019 and adds authorization for 10.0 additional correctional officer positions to hire all graduates. This includes \$0.7 million in overtime savings from the addition of 10.0 correctional officer positions. The Department began recruiting in January 2019, six months earlier than assumed in the enacted budget, while projecting a deficit against enacted expenses. The Governor's FY 2019 revised recommended budget assumes expenses will not exceed the enacted total by adjusting billings for centralized services below enacted levels.

Other Salaries and Benefits. The Department requests \$173.1 million for salaries and benefits for other institutional corrections staffing expenses which is \$7.8 million more than enacted, including \$7.9 million from general revenues. This includes \$5.9 million for current service adjustments and \$6.1 million more in overtime expenses. Total overtime expenses are \$25.9 million which is \$2.0 million less than spent in FY 2018. With 70 additional correctional officers beginning at the start of FY 2019, the expectation for overtime expenses in the enacted budget is lower based on the addition of the large new class. Prior to this, a new class had not graduated since November 2016. Class 83 will likely be ready to begin by January 1, 2020.

The request would fund 1,172.0 of the 1,200.0 positions in institutional corrections requiring the Department to maintain an average of 28.9 vacancies through the year. At the time of its budget request, the Department had 34 correctional officer vacancies and 19 other vacant positions in institutional corrections which are the largest segment of its budget. Recruitment for the correctional officer Class 83 including 70 recruits is set to begin at the end of FY 2019.

Class Number	Recruitment	Number of	
		Recruits	Graduation
81	May 2016	50	November 2016
82	January 2018	70	June 2018
83	June 2019	70	January 2020

The Governor recommends \$1.8 million less than requested from general revenues. This includes \$0.5 million in overtime savings to reflect the decreasing inmate population and \$1.2 million from statewide benefit adjustments.

Discharge Planning. The Department requests \$2.1 million which is \$33,758 less than enacted for discharge planning services based on a new contract. The Department subsequently indicated that the request is understated by \$21,703 and it should be consistent with the revised request. Discharge planning helps provide services to prevent recidivism including residence, employment or qualifying for entitlement programs. Discharge planning services were previously provided by three different providers. A new contract began in September 2018. In FY 2018, the Department spent \$1.6 million.

During FY 2018, the Department reported that the previous contracts were not addressing all the needs of inmates' upon release. It believed the vendors were having difficulty retaining staff due to low hourly rates being paid by the providers. The new contract includes a provision requiring prevailing wages for discharge planning positions in order to retain staff who provide the necessary services to inmates. *The Governor recommends funding as requested which is \$21,703 less than required.*

Medication Assisted Treatment Program. The Department requests \$2.4 million which is \$0.1 million more than enacted from federal funds for the medication assisted treatment program for opioid users that began in FY 2017. The funds are used to screen for opioid use and disorders and conduct an assessment of new inmates to determine treatment options. The initiative is also intended to start medication assisted treatment prior to release with community referral for ongoing treatment. The Department reports that approximately 70 to 90 percent of inmates suffer from drug and/or alcohol abuse. In FY 2018, the Department served 1,331 individuals through this program; an average of 242 inmates were treated per day. The Department's request is consistent with the FY 2019 revised request.

The requested \$0.1 million more in federal funds is for a nurse case manager. It is funded through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Originally, this position had only been funded through April 2018. Prior to the budget submission, the Department was informed additional funding is now available and signed a memorandum of understanding to extend funds through September 2019. *The Governor recommends funding as requested.*

Mental Health Services. The Department requests \$2.9 million from all sources of funds to ensure mental health services are available to inmates consistent with federal guidance. This includes \$0.2 million more than enacted from general revenues and \$0.1 million from federal funds based on the contract value for FY 2020. It is unclear why the Department did not request these costs for the enacted budget.

The Department spent \$1.5 million in FY 2018 on its partnership with Lifespan, consistent with the FY 2019 enacted budget. The services provided by Lifespan include on-site psychiatrist services Monday through Friday, as well as on call hours for weekends in sentenced facilities. For the awaiting sentencing population, services are provided on-site seven days a week and on call for 12 hours per day all week. This includes a clinical nurse on-site with the psychiatrist. The Department's request includes \$0.1 million more from federal funds for substance abuse counseling and \$24,658 for dialectical behavioral therapy. *The Governor concurs with the request with the exception of additional funding for dialectical behavioral therapy.*

Cognitive Behavioral Therapy. The Department requests \$0.7 million from general revenues which is \$0.1 million more than enacted for the cognitive behavioral therapy program contract. The revised request includes an additional \$0.1 million to expand the program to include services at the Maximum Security facility. The Department historically provided evidence-based programming to incarcerated individuals, but not to probationers and parolees. For FY 2017, the Assembly added 4.0 new probation and parole officers for the Department's risk assessment unit. However, the program was not launched until FY 2018 due to delays in contracting services. The goal of this program is to decrease the recidivism rate among the probation and parole population as it is a driving factor of incarceration rates. Services are currently provided at the Medium Security facility.

As of December, the Department is still seeking bid proposals for service provisions at Maximum Security. The Department seeks to include elements that will help treat inmates with gang affiliations that are housed at this facility. It is worth noting the Department is requesting additional funds despite underspending by \$0.5 million in FY 2018. *The Governor recommends funding as requested.*

New Vehicles. The Department requests \$0.1 million from general revenues to purchase 13 new vehicles that are included in its FY 2019 revised request to be purchased through the State Fleet Revolving Fund. The Department has indicated that it buys new vehicles each year to replace vehicles that no longer sufficiently fulfill Department needs. However, these vehicles have typically been purchased outright from general revenues which are not budgeted for this purpose. In FY 2018, the Department purchased several vehicles totaling \$0.5 million despite no funding allocated for such expenses. As the request is for use of the State Fleet Revolving Fund, the request is for a three year commitment including payments for FY 2020 and FY 2021. *The Governor does not recommend funding.*

Nursing Pools. The Department requests \$0.2 million, including \$40,000 more from general revenues, for contracted nursing pools which are used to cover necessary shifts when state employees refuse overtime. The additional funding reflects usage through the first quarter of FY 2019. Total projected spending of \$0.2 million is below the \$0.4 million spent in FY 2018 when the Department experienced a nursing shortage, which recent hirings have alleviated. *The Governor recommends funding as requested.*

Education Contracts. The Department requests \$0.2 million from general revenues for education services in FY 2020. This is \$83,000 more than enacted and consistent with its revised request. This includes \$43,000 for dietician services for a newly signed contract which includes teaching inmates the benefits of proper nutrition, reviewing inmate menus, and ensuring compliance of nutritional standards as specified in federal and state mandates.

The remaining \$40,000 is to fulfill contractual costs for the Community College of Rhode Island which provides classes for inmates who demonstrate good behavior. The services will replace a carpentry class that was taught by a state employee who retired. Instead of finding a replacement, the Department decided to amend the contract to include classes that would enhance inmates' chances of finding work upon release. *The Governor recommends funding as requested.*

Education/Development Grants. The Department requests \$0.2 million from federal education and development grants which is \$21,122 more than enacted based on updated information on award amounts. These grants are used to provide academic opportunities to prepare inmates for reentry into society. This includes special education grants which are administered by the Department of Elementary and Secondary Education. *The Governor recommends funding as requested.*

Other Institutional Corrections Operations. The Department's request for all other institutional corrections' expenses is for \$5.4 million, most of which is general revenues. This includes \$1.6 million for building maintenance and repairs, \$1.1 million for inmate payroll, \$0.6 million for vehicles maintenance and repairs, \$0.3 million for office supplies, \$0.3 million for insurance, \$0.2 million for security equipment,

\$0.2 million for waste disposal, \$0.1 million for snow removal, \$0.1 million for sewage and \$0.8 million for other expenses. This is \$17,385 more than enacted from general revenues including additional funding for office supplies and extermination services, which is consistent with changes in the FY 2019 revised request. The request includes an additional \$15,091 from federal funds for family reunification services. These federal funds are awarded from the federal Second Chance Act with an objective to develop and implement prison-based and family-based treatment programs for incarcerated parents who have minor children. *The Governor recommends \$0.4 million less than requested from three separate statewide initiatives designed to reduce operating costs.*

Other Programs

Department of Justice Lawsuit and Testing Instrument. The Department's request excludes the \$0.7 million in the enacted budget related to the Department of Justice lawsuit. The enacted budget includes \$450,000 in funding for payments to individuals impacted by the unintentional disparity in the testing instrument. The Department expects all payments to these individuals to be made in FY 2019. It also includes \$250,000 for the development of the qualifying testing instrument, which is expected to be completed in FY 2019.

In February 2014, the Department of Justice sued the state and the Department alleging that the written and video testing instruments used by the Department for selecting entry-level correctional officers caused an unintentional disparity against Hispanic and African American applicants. In September 2017, the Department and the Department of Justice voluntarily entered into a settlement agreement. The settlement agreement stated that the state agrees to provide funds for relief to individuals who may have otherwise been eligible for employment as entry-level correctional officers if not for such practices. *The Governor recommends funding as requested.*

CO Class 84. The Department requests \$0.1 million from general revenues which is \$9,641 less than enacted for recruiting a new correctional officer class in FY 2020. This request more closely reflects Class 82's recruitment costs in FY 2018. The Department expects recruitment for a new class of correctional officers to begin at the end of FY 2019, and another at the end of FY 2020. *The Governor recommends funding as requested.*

Temporary Staff. The Department requests \$0.2 million which is \$0.1 million more than enacted for temporary staff to fill critical vacancies outside of institutional corrections until those positions can be filled. This includes information technology assistance for the Sex Offender Community Network Unit which has seen an increased volume of work. This also requires outside legal services to assist as the number of appeals continue to increase. This is consistent with the revised request. The Department plans to use these to fill critical position vacancies until a permanent replacement is hired. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$26.6 million for salaries and benefits for staffing costs for central management, community corrections and the parole board. This is \$1.1 million more than enacted including \$1.2 million for current services and \$0.2 million more for overtime, which are offset by \$0.3 million in additional turnover savings. This request would fund 211.5 of the 216 enacted positions. At the time of the request, the Department had 7.0 vacancies in central management, 8.0 in community corrections, and 1.0 in the parole board. *The Governor recommends \$0.2 million less than requested from general revenues for statewide benefit adjustments.*

Case Management System Maintenance. The Department requests \$0.2 million from general revenues for maintenance for its case management system. Costs for developing this system are included in the Department of Administration's Information Technology Investment Fund, but includes no funding for maintenance. At the time of the request, the Department had a request for proposals out for the development

of this system which is expected to be completed in FY 2019. This is in compliance with Rhode Island General Law, Section 42-56-7(h), which mandates the development of an automated case management system for probation and parole officers.

Currently, the Department is using a paper-based tracking process; the case management system will be used by probation and parole officers to better manage their supervision responsibilities. This will include allowing for specific emphasis on moderate/high risk supervisees, which has evidence-based roots in lowering recidivism. *The Governor does not recommend funding. At the time of the recommendation, the Department had not hired a developer and does not expect the system to be developed until FY 2020, which means maintenance is not needed until FY 2021.*

Inmate Tracking Database. The Department requests \$0.3 million including \$0.1 million more than enacted for its database maintenance for both institutional and community based offenders under its jurisdiction. The enacted budget assumed paying 40 percent of contract costs and the Department of Administration's Division of Information Technology would pay the other 60 percent. However, beginning in FY 2019, the Division informed the Department it will only incur 10 percent of the cost going forward. The cost allocation is supposed to reflect the amount of time that the contractor spent working on each Departments' projects. The contractor was not splitting work at the rate previously thought, but closer to 10 percent on Division of Information Technology projects and 90 percent on Department of Corrections' projects. In FY 2018, the Department of Administration paid \$0.1 million for these services which is consistent with the revised and FY 2020 requests. *The Governor recommends funding as requested.*

Computers. The Department requests \$0.8 million which is \$0.2 million more than enacted for computers and associated hardware, software, and maintenance agreements to reflect FY 2018 actual costs. The additional funds will be used to purchase updated computers that are compatible with updated technology. This is consistent with the FY 2019 revised request.

The Department has no formal replacement schedule, but suggests the average lifespan of a desktop personal computer is 43 months and 36 months for mobile devices. The Department has replaced machines every 42 months, as the computers have become obsolete. As of January 1, 2019, the Department has 818 computers and devices. As it upgrades its applications, computers need to be changed to support these applications. *The Governor recommends \$0.2 million less than requested which reflects requested funding for hardware, software, and maintenance agreements, but not new computers.*

Victim Services Grants. The Department requests authorization to spend \$0.2 million from federal funds to support existing victim services programs, \$3,955 less than enacted based on its most recent information about its award. These formula driven grants are awarded by the Department of Justice and given to states to provide direct services to crime victims. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$11.3 million from Rhode Island Capital Plan funds which is \$1.3 million less than enacted for its capital projects scheduled for FY 2020. This reflects changes to renovations at the Dix building, high security, and at the maximum facility. This is consistent with the Department's capital request. *The Governor recommends \$0.2 million more than requested and consolidates all projects into a single asset protection project. A detailed analysis of this project is included in the Capital Budget section of this publication.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. For this project, the change is \$1.5 million less for FY 2019 and FY 2020 and the change to the multiyear appropriation in Article 1, Section 12, includes \$5.0 million less between FY 2021 and FY 2023.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's request is consistent with the enacted budget; \$3.2 million for information technology services, \$9.0 million for facilities management, and \$2.0 million for human resources. *The Governor recommends \$2.3 million less than requested based on billings through November and December. In FY 2018, the Department spent \$10.6 million which is \$1.2 million less than recommended.*

Other Operations. The Department requests \$2.7 million, predominately from general revenues, for all other expenses at the Department, which is \$49,509 less than enacted from all sources. Expenses include \$0.7 million for services delivered to those on probation and parole, sex offender supervision, recidivism prevention, and the population estimate contract, \$0.6 million for property and equipment rental, \$0.2 million for medical services, \$0.1 million for staff training, \$0.1 million for security, and \$1.0 million for other expenses including utilities, office supplies, and postal and printing services. This includes an increase of \$12,595 for the inmate population projection contract which is offset by reductions to correctional officer lab testing, chaplaincy services and costs for facility audits. This largely reflects FY 2018 spending. This includes \$15,189 from federal Justice Assistance Grant funds awarded as a part of the Prison Rape Elimination Act. *The Governor recommends \$0.1 million less than requested from three separate statewide initiatives designed to reduce operating costs.*

Target - Closing High Security Facility and Land Sale. The Department's constrained budget request includes general revenue savings of \$10.1 million for FY 2020 from the closing of the High Security Center and the sale of its land. The land sale accounts for \$3.4 million of the savings and would be one time. The proposal correctly indicates that the High Security Center carries the most expensive per capita costs. This proposal assumes inmates housed in this facility would be transferred to either the maximum or medium facilities. This proposal would require statutory changes to address potential issues that could affect the current labor contract agreement between the state and the Rhode Island Brotherhood of Correctional Officers. The estimated revenue in the budget submission is at 75 percent of the value determined by the City of Cranston. The request assumes the facility closure to begin at the start of FY 2020. This proposal was also included in its FY 2019 constrained request. *The Governor does not recommend this as proposed, but does include savings of \$5.1 million from renovations at the High Security Center.*

Target - Closure of Minimum Facility. The Department's constrained budget request includes general revenue savings of \$6.7 million for FY 2020 from closing the Minimum Security facility. This proposal assumes shifting a portion of the minimum security population to mandatory substance abuse treatment in lieu of incarceration; the facility has a large number of inmates with substance abuse issues. It assumes that 70 inmates would be placed into residential treatment beds at a cost of \$2.1 million, 90 inmates would be transferred to supervised outpatient services at a cost of \$0.9 million and the remaining 100 inmates would move to community confinement supervision, which would require 5.0 new community program counselors and added equipment. It also assumes that the 113.0 correctional staff assigned to this facility would be reassigned and offset overtime in other facilities. This assumes the facility closure to begin by the start of FY 2020. This proposal was also included in its FY 2019 constrained request.

The Department notes that legislative changes are required to allow for supervision to occur in a communal confinement setting. This would require additional powers given to the Director to allow for the conversion of the remaining sentences to be served in a community-based setting. *The Governor does not recommend this proposal.*

Judicial Department

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Supreme Court	\$ 39,809,049	\$ 41,532,572	\$ 40,755,730	\$ 38,549,320
Defense of Indigent Persons	3,960,979	4,515,536	4,515,536	4,403,487
Commission on Judicial Tenure & Discipline	150,684	150,032	155,273	154,616
Superior Court	24,256,860	24,365,119	26,603,344	25,454,492
Family Court	24,214,203	24,789,229	27,056,133	25,935,545
District Court	13,968,666	13,364,588	14,798,702	14,006,310
Traffic Tribunal	9,763,589	8,797,302	10,079,471	9,283,407
Workers' Compensation Court	8,309,954	8,016,823	8,943,104	8,943,104
Total	\$ 124,433,984	\$ 125,531,201	\$ 132,907,293	\$ 126,730,281
Expenditures by Category				
Salaries and Benefits	\$ 89,296,597	\$ 88,208,363	\$ 97,454,775	\$ 93,298,795
Contracted Services	1,969,125	2,506,968	2,532,003	2,532,003
Subtotal	\$ 91,265,722	\$ 90,715,331	\$ 99,986,778	\$ 95,830,798
Other State Operations	12,959,644	13,079,297	13,521,499	13,228,366
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,969,426	11,612,527	11,612,527	11,500,478
Capital	9,239,192	10,124,046	7,786,489	6,170,639
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 124,433,984	\$ 125,531,201	\$ 132,907,293	\$ 126,730,281
Sources of Funds				
General Revenue	\$ 101,994,888	\$ 102,049,154	\$ 110,688,917	\$ 106,127,755
Federal Aid	2,914,044	3,054,397	3,144,740	3,144,740
Restricted Receipts	12,085,986	12,238,243	13,007,786	13,007,786
Other	7,439,066	8,189,407	6,065,850	4,450,000
Total	\$ 124,433,984	\$ 125,531,201	\$ 132,907,293	\$ 126,730,281
FTE Authorization	723.3	723.3	723.3	723.3

Summary. The Judiciary requests \$132.9 million from all sources, including \$110.7 million from general revenues for FY 2020. This is \$8.5 million more than enacted, including \$8.7 million more from general revenues, which reflects an increase of approximately 8.5 percent. The \$1.9 million of unspent general revenues from FY 2018 was reappropriated to FY 2019 in accordance with current law requirements. The Judiciary's request reflects half of its reappropriation in FY 2019 and includes a similar amount in FY 2020. The Department requests the enacted level of 723.3 full-time equivalent positions.

The Governor recommends \$126.7 million from all sources, which is \$2.3 million more than enacted and \$6.2 million less than requested. General revenues are \$4.1 million more than enacted and \$4.6 million

less than requested. This includes \$0.9 million of statewide savings, noted below where appropriate. The Governor recommends 723.3 full-time equivalent positions consistent with the enacted authorization.

Target Issues. The Budget Office provided the Judiciary with a general revenue target of \$100.4 million. The amount includes current service adjustments of \$3.2 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$4.8 million.

The Department did not submit a constrained budget. *The Governor’s budget is \$5.7 million more than the target.*

FY 2020 Budget	Budget Office	Judiciary	Difference
FY 2019 Enacted	\$ 101,994,888	\$ 101,994,888	\$ -
Current Service Adjustments	3,220,060	3,884,612	664,552
New Initiatives	-	4,809,417	4,809,417
Change to FY2019 Enacted	\$ 3,220,060	\$ 8,694,029	\$ 5,473,969
FY 2020 Current Service/ Unconstrained Request	\$ 105,214,948	\$ 110,688,917	\$ 5,473,969
Target Reduction/Initiatives	(4,774,679)	-	4,774,679
FY 2020 Constrained Target/Request	\$ 100,440,269	\$ 110,688,917	\$ 10,248,648
Change to FY2019 Enacted	\$ (1,554,619)	\$ 8,694,029	\$ 10,248,648

Staffing. The Judiciary requests \$97.5 million from all sources for salaries and benefits for 723.3 positions. The enacted budget includes \$3.5 million of turnover equivalent to approximately 46.3 positions, but the Judiciary’s FY 2020 request does not include any turnover savings. The Judiciary notes that it is requesting to work with the Budget Office to identify turnover savings the Department believes are reasonable and attainable. As of the end of November 2018, the Judiciary had 53.3 vacant positions.

The Governor recommends \$93.3 million for salaries and benefits, which is \$4.0 million more than enacted and \$4.2 million less than requested. It includes \$0.6 million in statewide benefit savings from general revenues. It appears that savings from non-general revenue sources were not taken. It includes \$3.5 million in turnover savings consistent with the enacted budget. As of the pay period ending January 19, 2019, the Judiciary has 50.7 vacant positions. Turnover savings in the Governor’s recommended budget is equivalent to approximately 28 positions.

Restricted Receipts. Excluding the Workers’ Compensation Court, which is entirely funded by restricted receipts, the Judiciary requests \$4.1 million from restricted receipts for FY 2020. The restricted receipts are derived, for example, from indirect cost recoveries, fines assessed on individuals convicted of crimes, and a technology surcharge. The funding is utilized for various purposes including staffing, work relating to the case management system, and information technology improvements not related to the case management system.

Some of the restricted receipt accounts are limited in how they may be used. For example, Rhode Island General Law limits the Rhode Island Judiciary Technology Surcharge Account “solely for use by the judiciary in support of its technology infrastructure and case management system.” Another example is the violent crimes indemnity restricted receipt account established by the 2012 Assembly; the receipts are derived from fines assessed on individuals convicted of crimes, and are used to provide assistance to crime victims including an explanation of rights, assistance with impact statements, counseling recommendations and possible restitution claims. In contrast, the restricted receipt account funded from indirect cost recoveries on eligible federal grants can be used for any purpose. *The Governor recommends funding consistent with the request.*

Overhead Functions

Pay-Go Judges Pensions. The Department requests \$5.7 million from all sources, including \$5.0 million from general revenues for retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The request is \$2,544 more than enacted, including \$1,159 more from general revenues and \$1,385 more from restricted receipts to reflect updated estimates of retirement costs. The pension costs are paid through an annual appropriation on a pay-as-you-go basis rather than the retirement trust fund. The Judiciary has noted there are currently six remaining active judges whose pensions will be paid this way, and they all meet the eligibility threshold to retire. *The Governor recommends funding as requested.*

Case Management System. The Judiciary requests \$0.5 million, including \$35,000 from federal funds and \$0.5 million from restricted receipts from indirect cost recoveries for work relating to the case management system. The system will enable web-based electronic filing for all courts, and will replace the current system that relies on duplicated data input and paper files. The request is \$0.1 million more than enacted, including \$4,487 less from federal funds and \$100,000 more from restricted receipts in order to create an automated payment plan through the portal in order to enhance collections efforts. *The Governor recommends funding as requested.*

Other Court Technology. The Judiciary requests \$3.0 million, including \$2.6 million from general revenues and \$0.4 million from restricted receipts for information technology improvements throughout the court system, which are not related to its case management system. The request is \$21,984 less than enacted from general revenues to reflect updated computer equipment needs, leases for copier and scanner replacements, and anticipated contract work for report writing, network support, and applications support. *The Governor recommends funding as requested.*

Security Services. The Judiciary requests \$0.8 million, or \$0.5 million more than enacted for security in and around the courthouses, including \$453,300 more from general revenues and \$12,000 more from restricted receipts. The Judiciary indicates that the increase is because of gang violence that has occurred in and around the courthouses in Providence. The funding is utilized to reimburse the Capitol Police, Sheriffs, and Providence Police for overtime expenses. *The Governor recommends funding as requested.*

Facilities and Operations. The Department requests \$6.1 million, or \$0.3 million more than enacted for contracted services and purchases related to facility repairs, utilities, and maintenance. The funding includes, for example, janitorial services, inspection and repair of elevators and heating, ventilating and air conditioning systems, and minor renovations. The request includes increases of \$0.1 million from general revenues and \$0.2 million from restricted receipts. The largest general revenue change is a \$0.2 million increase for electricity, and there are numerous adjustments for maintenance and repairs, based on FY 2018 actual expenditures and the Judiciary's request assessment needs for FY 2020. *The Governor recommends funding as requested.*

Overhead Functions - Legal. The Department requests \$3.9 million, including \$2.7 million from general revenues and \$1.2 million from restricted receipts to support 24.0 full-time equivalent positions for overhead functions related to legal issues. This includes funding for the Appellate Screening Unit, the Board of Bar Examiners, the Disciplinary Board, the Law Library, mandatory continuing legal education for attorneys, and the education program for judges and magistrates.

The request is \$0.1 million more than enacted, including \$78,750 more from general revenues and \$40,756 more from restricted receipts. The general revenue change primarily reflects anticipated staffing costs for the Appellate Screening Unit and the Law Library, and the restricted receipts increase is for the Disciplinary Board based on anticipated staffing needs. *The Governor recommends \$30,319 less than requested from*

general revenues. This includes \$16,347 in statewide benefit savings and \$13,801 based on two separate statewide savings initiatives designed to reduce operating costs.

Other Overhead Functions. The Judiciary requests \$6.7 million from general revenues to support 48.0 full-time equivalent positions for all other overhead functions. This includes funding for maintenance of the judicial complex facilities, the finance, budget and employee relations functions, and the planning program. The request is \$0.2 million less than enacted, which primarily reflects anticipated staffing needs, including a reduction in records center and employee relations staffing and increases for the other overhead functions. *The Governor recommends \$0.1 million less than requested to reflect \$49,753 in statewide benefit savings and \$98,656 from three separate statewide savings initiatives designed to reduce operating costs.*

Indigent Defense Services. The Department requests \$4.5 million from general revenues for indigent defense services in FY 2020, consistent with its FY 2019 revised request. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation to because of conflicts of interest. In FY 2016 actual expenses were \$3.9 million, \$4.0 million was spent in FY 2017, and \$4.1 million reported for FY 2018. The request is \$0.6 million more than enacted, which the Judiciary attributes to the trending increase in indigent defense expenditures and the possibility that larger increases could be necessary as result of recent legislative changes, such as extreme risk protection orders required by Chapter 7 of the 2018 Public Laws. *The Governor recommends \$0.4 million more than enacted and \$0.1 million less than requested.*

Interpreters and Translators. The Department requests the enacted level of \$0.3 million, including \$305,000 from general revenues and \$24,000 from restricted receipts for interpreter and translator services for FY 2020. The Judiciary notes that expenses have increased in recent fiscal years because of federal requirements for language access for which no funding has been provided by the federal government. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$6.1 million from Rhode Island Capital Plan funds, or \$1.4 million less than enacted for its capital projects during FY 2020. The request includes funding for work at the Fogarty, Garrahy, and Licht judicial complexes, replacing the fan coil units at the Licht and Murray judicial complexes and the Fogarty Judicial Annex, asset protection projects, and the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning systems for all judicial complexes. The Judiciary's FY 2020 request is not consistent with its FY 2020 through FY 2024 capital request; the agency confirmed that its operating request inadvertently includes \$50,000 less than intended for the Asset Protection project. *The Governor recommends \$3.0 million less than enacted and \$1.6 million less than requested.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. For the Judiciary, the change is a one year delay in the start of the Fan Coil Unit Replacement project from FY 2020 to FY 2021 and an overall reduction of \$0.5 million for the project. The projects are discussed in greater detail in the Capital Budget section of this publication.

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

requests \$98,649 from general revenues for its share of centralized information technology services, consistent with the enacted level. *The Governor recommends funding as enacted and requested.*

Supreme Court

Salaries and Benefits. The Judiciary's request includes \$13.0 million primarily from general revenues for the salaries and benefits to support 89.7 full-time equivalent positions in the Supreme Court not associated with the previously described overhead functions. This is \$2.1 million more than enacted and includes funding for activities such as domestic violence prevention, victim rights information, information technology, and an interpreter program. As noted previously, the Judiciary's FY 2020 budget request does not include any turnover savings. *The Governor recommends \$0.4 million less from general revenues than requested to reflect \$0.3 million in turnover savings and \$0.1 million in statewide benefit savings. It appears there are savings available from non-general revenue sources that were not taken.*

Rhode Island Legal Services. The FY 2019 enacted budget includes \$90,000 from general revenues for Rhode Island Legal Services, Inc. to provide housing and eviction defense to indigent individuals as identified in Article 1 of 2018-H 7200, Substitute A, as amended. The Judiciary requests funding as enacted. *The Governor recommends funding as requested.*

Rhode Island Coalition Against Domestic Violence. The FY 2019 enacted budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project as identified in Article 1 of 2018-H 7200, Substitute A, as amended. The Judiciary requests funding as enacted. *The Governor recommends funding as requested.*

Other Operations. The Judiciary requests \$2.7 million for all other expenses of the Supreme Court. Expenditures are programmed for rental payments, equipment maintenance, information technology and other expenses. This is \$16,185 less than enacted and includes \$76,175 less from general revenues, \$10 less from federal funds and \$60,000 more from restricted receipts. The requested general revenues include changes for outside legal services, computer equipment, insurance, and stenographic services. *The Governor recommends \$56,511 less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs.*

Superior Court

Judicial Appointments. The FY 2019 enacted budget does not include general revenues for currently vacant judge and magistrate positions. The Judiciary requests \$0.7 million from general revenues for FY 2020 to fill three vacant associate justice positions in Superior Court. The Department assumes the positions will be filled in the fourth quarter of FY 2019. On December 10, the Governor announced appointments for six of the eight vacancies. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary's request includes \$21.5 million, primarily from general revenues for the salaries and benefits of the Superior Court's 165.7 full-time equivalent positions. This excludes the judicial appointments discussed previously. The request is \$1.4 million more than enacted and does not include any turnover savings. *The Governor recommends \$0.3 million more than enacted including \$0.4 million more from general revenues. This is \$1.1 million less than requested from general revenues to reflect \$0.9 million in turnover savings and \$0.2 million in statewide benefit savings. It appears there are savings available from non-general revenue sources that were not taken.*

Jurors' Expenses. The Judiciary requests the enacted level of \$0.6 million from general revenues for payments to jurors as well as parking and busing costs. The Assembly last increased jurors' fees in 1978. Bills were introduced during the 2016, 2017, and 2018 legislative sessions to increase the daily jurors' fees to \$35 per day, but none were enacted. *The Governor recommends \$11,073 less than requested to reflect*

potential savings from a statewide initiative to reduce the cost of certain commodities, which in the case of these expenses would be either juror parking or busing costs.

Superior Court Diversion Program. The Judiciary requests the enacted level of \$50,000 from general revenues for additional risk assessments as part of a new Superior Court diversion program. The additional risk assessments are for defendants who score as high risk on a risk screen required by Chapter 342 of the 2017 Public Laws, one of several justice reinvestment bills signed into law on September 28, 2017. *The Governor recommends funding as requested and enacted.*

Other Operations. The Judiciary requests \$1.2 million for all other expenses of the Superior Court including rental expenses, services related to specialty courts, outside legal services, insurance and other expenditures. The request is \$34,380 more than enacted, including \$880 more from general revenues and \$33,500 more from federal funds. This includes changes for insurance and travel expenses. *The Governor recommends \$44,778 less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs.*

District Court

Judicial Appointments. The FY 2019 enacted budget does not include general revenues for currently vacant judge and magistrate positions. The Judiciary requests \$0.5 million from general revenues for FY 2020 to fill two vacant associate judge positions in District Court. The Department assumes the positions will be filled in the fourth quarter of FY 2019. On December 10, the Governor announced appointments for six of the eight vacancies. *The Governor recommends funding as requested.*

District Court Bail Unit Staff. The 2017 Assembly added \$250,000 from general revenues for three new District Court bail unit staff to be filled from vacancies within the Judiciary's staffing authorization. The Judiciary indicated that two of the positions had been filled in the second quarter of FY 2018. The Judiciary did not fill the third position in FY 2018, and the 2018 Assembly added \$0.1 million from general revenues for filling this position in FY 2019.

The FY 2019 enacted budget assumes the third position would be filled the entire fiscal year, but based on information from the Judiciary, the position was filled around the end of the first quarter of FY 2019. The Judiciary assumes this position will be filled throughout FY 2020. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary's request includes \$12.4 million from general revenues, which is \$0.2 million more than enacted for the salaries and benefits for the District Court's other 96.0 full-time equivalent positions. This excludes the judicial appointments and bail unit staff discussed previously. The requested changes reflect current service adjustments and anticipated staffing needs in the District Court. As noted previously, there is no turnover savings. *The Governor recommends \$0.8 million less than requested from general revenues to reflect \$0.7 million in turnover savings and \$0.1 million in statewide benefit savings.*

Veterans' Treatment Court. The Veterans' Treatment Court functions as a specialized calendar within the District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses. The 2015 Assembly increased the number of District Court judges from 12 to 13 and established the Veterans' Calendar in statute. It added 1.0 full-time equivalent position and \$234,000 from general revenues for the new judge position.

The Judiciary received federal grant awards which allowed it to expand operations to serve a larger population of veterans and provide additional services. A three-year grant expired in FY 2018, and the 2018 Assembly added \$144,390 from general revenues in FY 2019 to replace the expiring federal funds.

The Judiciary requests funding essentially as enacted and does not currently anticipate receiving new federal grants for the Veterans' Treatment Court. *The Governor recommends funding as requested.*

Other Operations. The Judiciary requests \$0.4 million for all other expenses for the District Court, including \$368,437 from general revenues and \$60,000 from restricted receipts. Major expenditures include office supplies, printing and insurance. This is \$19,517 more than enacted from general revenues. The largest change is a \$27,000 increase for insurance costs. The Judiciary notes that a claim filed in a judicial tenure and discipline matter resulted in increases in professional liability insurance. *The Governor recommends \$22,442 less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs.*

Family Court

Judicial Appointments. The FY 2019 enacted budget does not include general revenues for currently vacant judge and magistrate positions. The Judiciary requests \$0.5 million from general revenues for FY 2020 to fill two vacant positions in Family Court, an associate justice and a magistrate. The Department assumes the positions will be filled in the fourth quarter of FY 2019. On December 10, the Governor announced appointments for six of the eight vacancies. *The Governor recommends funding as requested.*

Family Court Attorneys. The 2018 Assembly added \$0.4 million for attorneys, including \$0.3 million from general revenues and \$0.1 million from available federal funds. The positions were to be filled from vacancies within the Judiciary's staffing authorization.

The FY 2019 enacted budget assumes these attorney positions will be filled for around 80 percent of the fiscal year. Based on information from the Judiciary, neither position has been filled. If both positions are filled throughout FY 2020, there will be an estimated increase of \$108,600, including \$77,000 from general revenues and \$31,600 from federal funds. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary's request includes \$22.5 million from all sources, \$20.8 million from general revenues for the salaries and benefits of the Family Court's 173.7 full-time equivalent positions. This excludes the judicial appointments and Family Court attorneys discussed previously. The request is \$1.9 million more than enacted and as noted previously, the Judiciary's FY 2020 budget request does not include any turnover savings.

The Governor recommends \$1.1 million less than requested from general revenues to reflect \$0.9 million in turnover savings and \$147,881 in statewide benefit savings. It appears there are savings available from non-general revenue sources that were not taken.

Child Support Enforcement. The Department requests the enacted level of \$0.9 million, which reflects its award and expenditures from the child support enforcement grant. The Judiciary utilizes the grant funds to enforce the support obligations owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support. *The Governor recommends funding as requested.*

Other Operations. The Judiciary requests \$0.8 million for all other expenses of the Family Court for FY 2020. Major expenditures include mileage reimbursement, office supplies, services related to specialty programs, insurance and auditing services. This is \$0.2 million more than enacted, including \$8,900 more from general revenues and \$142,589 more from federal funds which primarily reflects increases for medical services and training expenses. *The Governor recommends \$25,154 less than requested from general revenues based on three separate statewide savings initiatives designed to reduce operating costs.*

Traffic Tribunal

Judicial Appointments. The FY 2019 enacted budget does not include general revenues for currently vacant judge and magistrate positions. The Judiciary requests \$0.3 million from general revenues for FY 2020 to fill a vacant magistrate position at the Traffic Tribunal. The Department assumes this position will be filled in the fourth quarter of FY 2019. On December 10, the Governor announced appointments for six of the eight vacancies. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary's request includes \$8.7 million from general revenues for the salaries and benefits of the Traffic Tribunal's 78.2 full-time equivalent positions. This excludes the judicial appointments discussed previously. The request is \$0.1 million more than enacted and reflects \$0.3 million more for current service adjustments partially offset by a reduction to better reflect anticipated staffing needs at the Traffic Tribunal. *The Governor recommends \$0.8 million less than requested from general revenues to reflect \$0.7 million in additional turnover savings and \$0.1 million in statewide benefit savings.*

Other Operations. The request includes \$0.3 million from general revenues for all other expenses of the Traffic Tribunal such as postal services, printing, travel costs, and office supplies. This is \$14,000 more than enacted based on anticipated insurance expenditures. *The Governor recommends \$20,492 less than requested from general revenues based on three separate statewide savings initiatives designed to reduce operating costs.*

Workers' Compensation Court

Salaries and Benefits. The Judiciary's request includes \$7.3 million from restricted receipts for the salaries and benefits of the Workers' Compensation Court's 50.0 full-time equivalent positions. The request is \$0.5 million more than enacted and reflects \$0.3 million more for current service adjustments and \$0.2 million more to restore turnover savings. As noted previously, the Judiciary's FY 2020 budget request does not include any turnover savings. *The Governor recommends funding as requested. It appears there are statewide benefit savings that were not taken.*

Other Operations. The request includes the enacted level of \$0.2 million from restricted receipts for all other expenses at the Workers' Compensation Court. Major expenditures include \$38,500 for subscriptions and \$20,000 for outside legal services. *The Governor recommends funding as requested.*

Judicial Tenure and Discipline

Judicial Tenure and Discipline. The Judiciary requests \$0.2 million from general revenues, or \$4,589 more than enacted to support the Commission on Judicial Tenure and Discipline for FY 2020. The requested increase is for staffing costs, primarily to reflect current service adjustments. The Commission is responsible for conducting investigations of judges suspected of or charged with misconduct. *The Governor recommends \$657 less than requested from general revenues to reflect statewide benefit savings and two separate statewide savings initiatives designed to reduce operating costs.*

Military Staff

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 9,366,784	\$ 9,250,313	\$ 11,118,141	\$ 10,522,226
Contracted Services	1,690,521	1,871,780	2,132,277	2,132,277
Subtotal	\$ 11,057,305	\$ 11,122,093	\$ 13,250,418	\$ 12,654,503
Other State Operations	6,555,358	18,786,027	17,799,134	17,764,461
Assistance, Grants, and Benefits	324,600	289,850	296,343	296,343
Capital	12,355,051	14,096,104	10,114,182	9,414,182
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 30,292,314	\$ 44,294,074	\$ 41,460,077	\$ 40,129,489
Sources of Funds				
General Revenue	\$ 3,081,090	\$ 3,097,681	\$ 3,268,763	\$ 3,219,493
Federal Aid	18,480,072	31,652,184	34,936,314	34,354,996
Restricted Receipts	100,000	55,000	55,000	55,000
Other	8,631,152	9,489,209	3,200,000	2,500,000
Total	\$ 30,292,314	\$ 44,294,074	\$ 41,460,077	\$ 40,129,489
FTE Authorization	92.0	92.0	98.0	98.0

Summary. The Military Staff requests \$41.5 million from all sources, including \$3.3 million from general revenues. The request is \$11.2 million more than enacted, a \$0.2 million increase from general revenues. The request includes staffing of 98.0 full-time equivalent positions, 6.0 more than the authorized level. As of December 2018, the Military Staff has 6.0 positions vacant.

The Governor recommends \$40.1 million from all sources, which is \$1.3 million less than requested. This includes \$49,270 of statewide initiatives, noted below where appropriate. The Governor recommends the additional staffing as requested. As of January 19, the Military Staff has 9.0 positions vacant.

Target Issues. The Budget Office provided the Military Staff with a general revenue target of \$3.0 million. The amount includes current service adjustments of \$68,987 and a 5.0 percent target reduction of \$0.2 million, adjusted for certain exclusions.

FY 2020 Budget	Budget Office		Military		Difference
FY 2019 Enacted	\$ 3,081,090	\$ 3,081,090	\$ 3,081,090	\$ -	-
Current Service Adjustments	68,987	187,673	187,673	118,686	118,686
Change to FY 2019 Enacted	\$ 68,987	\$ 187,673	\$ 187,673	\$ 118,686	118,686
FY 2020 Current Service/ Unconstrained Request	\$ 3,150,077	\$ 3,268,763	\$ 3,268,763	\$ 118,686	118,686
Target Reduction/Initiatives	(155,114)	(156,094)	(156,094)	(980)	(980)
FY 2020 Constrained Target/Request	\$ 2,994,963	\$ 3,112,669	\$ 3,112,669	\$ 117,706	117,706
Change to FY 2019 Enacted	\$ (86,127)	\$ 31,579	\$ 31,579	\$ 117,706	117,706

The constrained budget submitted by the agency is \$0.1 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$0.2 million above the target.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Military Staff requests \$168,876 or \$5,164 more from general revenues than enacted for its share of centralized services. This includes \$131,655 or \$3,413 for human resources and \$37,221 or \$1,751 more for information technology support. The Budget Office instructed agencies to include the enacted amount for these expenses. *The Governor concurs and also reduces expenditures for information technology services by \$6,263 based on billings through November, consistent with the revised budget.*

Firefighters. The Military Staff requests \$4.3 million from all sources or \$0.3 million more than enacted for the Rhode Island National Guard firefighters program. The request includes \$4.2 million for salary and benefit costs for the authorized level of positions. The request is essentially consistent with the current service level and includes benefit rates consistent with FY 2020 planning values. Consistent with the revised request, it assumes five firefighters out on injured on duty status. The request also includes \$70,820 from federal funds for operational costs. This is \$5,348 less than enacted; however, it is \$2,804 more than FY 2019 projected expenditures.

The Governor recommends \$98,954 less from all sources than requested. This includes \$5,563 less from general revenues from statewide benefit savings and \$0.1 million less from federal funds to properly fund the remaining positions. It appears that statewide benefit savings from non-general revenue sources were not taken.

The Governor also proposes legislation in Article 3 of 2019-H 5151 amending the injured on duty laws to allow 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 legislation also provides that in addition to the Workers' Compensation Court, a final ruling of the State Retirement Board, allowing accidental disability benefits, will also be allowed to terminate injured on duty benefits. The Governor also proposes to impose a 90-day clock starting July 1, 2019 for current recipients of injured on duty payments to apply for accidental disability, otherwise benefits shall be terminated; there are some exceptions. The budget assumes savings of \$1.7 million from general revenues in the Department of Administration's budget from these changes.

Cybersecurity and Activations. The Military Staff requests the enacted level of \$51,638 from general revenues for the Rhode Island National Guard to participate in the Governor's Cybersecurity Commission working groups. The National Guard is prohibited from using federal funds for such state activities. The current request serves as a placeholder with funds appropriated and then expended as needed. The funding is also utilized to support the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. FY 2018 expenditures of \$35,772 included \$22,920 for activations for the Bristol Fourth of July Parade and the National Governors Association conference. *The Governor recommends funding as requested.*

New Staff (6.0 FTE). The Military Staff requests \$0.6 million from federal funds to fund 6.0 new full-time equivalent positions for maintenance of federal buildings, maintenance of the Electronic Security System, and environmental programs. The request assumes that the positions would start in July 2019. The positions include one environmental protection specialist, one technical assistant, two security managers

and two facilities management officers. It should be noted over the last four fiscal years, the Assembly provided an additional 11.0 full-time equivalent positions for maintenance of federal facilities. Though, these new positions are more focused on Guard programs. *The Governor concurs and includes the funding and staffing authorization for the new positions.*

Other Salaries and Benefits. The Military Staff requests \$6.2 million from all sources to fully fund the remaining 62.0 full-time equivalent positions, the authorized level of staffing. The request is \$0.8 million more than enacted, including \$54,051 from general revenues and \$0.8 million from federal funds. This includes \$37,243 to upgrade three positions: senior accountant, construction supervisor and data entry operator and includes \$0.3 million for current service adjustments. It appears that the request is overstated by \$0.5 million. The request does not assume any turnover savings. As of the last pay period in December 2018, there were 6.0 vacancies.

The Military Staff also submitted a constrained request that would reduce funding by \$0.6 million, including \$156,094 from general revenues, which would be achieved by eliminating 7.0 full-time equivalent positions. The affected positions would include four maintenance personnel, two electricians and one operations/maintenance coordinator. It should be noted that over the last four fiscal years, the Assembly added 11.0 maintenance positions that were requested by the Military Staff and recommended by the Governor. The current request includes funding for two new maintenance positions.

The Governor recommends \$0.3 million more than enacted for current service adjustments. This is \$0.5 million less than requested, to correct the overstatement and reflect \$9,034 less from general revenues from statewide benefit savings. It appears that statewide benefit savings from non-general revenue sources were not taken.

Counterdrug Asset Forfeiture. The Military Staff requests \$2.4 million from federal funds to construct a new counterdrug facility at Camp Fogarty in East Greenwich for FY 2020. The request is \$1.3 million more than enacted, including a shift of \$725,000 from FY 2019, based on delays. The funds are part of the state's overall Google settlement. This 15,000 square foot training facility will be used by the Rhode Island National Guard Counterdrug program. *The Governor recommends funding as requested. A detailed analysis of the project is included in the Capital Budget section of this publication.*

Military Funeral Honors. The Military Staff requests \$136,343 from general revenues to reflect projected costs for military funeral honors in FY 2020. This is \$16,743 more than enacted and is \$6,493 more than FY 2019 projected expenditures. Retired military members are paid a \$50 stipend to perform military honors at the funerals. A federal memorandum from October 2012 indicated that federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals. *The Governor recommends funding as requested.*

Education Benefits. The Military Staff requests the enacted level of \$0.1 million from general revenues to support the state mandate for the provision of free tuition to National Guard members at the state's public higher education institutions. The current course limit is five per semester; any expenses above \$100,000 are borne by the institutions. *The Governor recommends funding as requested.*

Military Family Relief Fund. Consistent with the revised request, the Military Staff requests \$55,000 or \$45,000 less than enacted from restricted receipts for the Military Family Relief Fund. The fund is administered by the Adjutant General pursuant to Rhode Island General Law, Section 30-3-41. The fund is supported through private donations and a check-off option on Rhode Island income tax forms as set forth in Rhode Island General Law, Section 44-30-2.9. Money from the fund is distributed to families on an income-based formula to cover a variety of needs. The fund provides financial support, in the form of grants, to National Guard and Reserve families encountering financial hardships due to extended deployments. *The Governor recommends funding as requested.*

Facilities Maintenance. The Military Staff requests \$4.6 million from all sources for facility repairs and maintenance. The request is \$1.0 million more than enacted, all but \$34,245 is from federal funds. This includes \$0.8 million more for renovations and repairs at all National Guard facilities, projects at other armories and militia facilities and \$0.1 million more for security services. The request is \$0.4 million or 9.0 percent more than projected FY 2019 expenditures. The Military Staff contracts for various upkeep and professional services. These include landscapers, janitors, exterminators, information technology support, and surveyors and engineers for small scale construction projects that do not meet the criteria for a capital project. *The Governor recommends funding as requested.*

Utilities. The Military Staff requests \$3.1 million or \$0.4 million more than enacted from all sources for electricity, fuel, water and sewer payments, which are shared expenses with the National Guard. The requested changes are based on the anticipated usage and rates for FY 2020 and include updated estimates for the new Quonset simulator building. The Military Staff also notes that the shares of general revenues and federal funds are dependent on anticipated usage in buildings that vary from 100 percent federally funded, 75 percent from federal sources and 25 percent from general revenues, or 50 percent each from federal funds and general revenues. The request is \$144,572 or 4.9 percent more than FY 2019 projected expenses. *The Governor recommends funding as requested.*

Capital Projects. The Military Staff requests \$18.7 million from all sources, including \$3.2 million more from Rhode Island Capital Plan funds for four approved projects. This is \$6.7 million more than enacted, including \$11.6 million more from federal funds and \$5.4 million less from Rhode Island Capital Plan funds, of which \$4.6 million is for the Joint Force Headquarters Building. *The Governor concurs, with the exception of including \$0.7 million less from Rhode Island Capital Plan funds for the Joint Force Headquarters Building. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Other Expenses. The Military Staff requests \$1.0 million from all sources, including \$0.2 million from general revenues for all other expenses for the National Guard. The request is \$68,464 more than enacted, including \$2,208 from general revenues. This includes new expenditures of \$85,000 to hire an emergency management coordinator. All other expenses are \$16,536 less for office supplies and uniforms. It should be noted that the current lease agreement for use of space at the Quonset Air Base between the Rhode Island Airport Corporation, Rhode Island National Guard Bureau and the Federal Aviation Administration expired on September 30, 2017. Negotiations for a ten-year lease are ongoing and the request does not assume an increase in cost. *The Governor recommends \$28,410 less from general revenues than requested from two separate statewide savings initiatives designed to reduce operating costs.*

Rhode Island Emergency Management Agency

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Category							
Salaries and Benefits	\$ 3,563,979	\$	3,670,169	\$	3,897,444	\$	3,872,345
Contracted Services	386,487		515,284		437,319		437,319
Subtotal	\$ 3,950,466	\$	4,185,453	\$	4,334,763	\$	4,309,664
Other State Operations	5,351,925		5,335,914		3,298,867		3,207,716
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	7,033,436		12,908,447		4,238,755		4,238,755
Capital	3,989,414		1,891,454		3,141,454		1,941,454
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
Total	\$ 20,325,241	\$	24,321,268	\$	15,013,839	\$	13,697,589
Sources of Funds							
General Revenue	\$ 2,043,945	\$	2,283,219	\$	2,555,897	\$	2,439,647
Federal Aid	16,335,897		20,028,796		9,295,523		9,295,523
Restricted Receipts	450,985		514,839		468,005		468,005
Other	1,494,414		1,494,414		2,694,414		1,494,414
Total	\$ 20,325,241	\$	24,321,268	\$	15,013,839	\$	13,697,589
FTE Authorization	32.0		32.0		32.0		32.0

Summary. The Rhode Island Emergency Management Agency requests \$15.0 million, including \$2.6 million from general revenues, \$9.3 million from federal funds, \$0.5 million from restricted receipts, and \$2.7 million from Rhode Island Capital Plan funds. This is \$5.3 million less than enacted including \$0.5 million more from general revenues, \$7.0 million less from federal funds, \$17,020 more from restricted receipts, and \$1.2 million more from Rhode Island Capital Plan funds. The Agency requests 32.0 positions, consistent with the enacted authorization.

The Governor recommends \$13.7 million from all funds, which is \$6.6 million less than enacted and \$1.3 million less than requested. General revenues are \$0.4 million more than enacted and \$0.1 million less than requested. The recommendation includes \$51,693 in statewide savings, noted below where appropriate. The Governor also recommends staffing as enacted.

Target Issues. The Budget Office provided the Agency with a general revenue target of \$2.0 million. The amount includes current service adjustments of \$21,869 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$0.1 million.

The Emergency Management Agency did not submit a constrained budget. *The Governor's budget is \$0.5 million more than the target.*

FY 2020 Budget	Budget Office	Emergency Management	Difference
FY 2019 Enacted	\$ 2,043,945	\$ 2,043,945	\$ -
Current Service Adjustments	21,869	400,975	379,106
New Initiatives	-	110,977	110,977
Change to FY 2019 Enacted	\$ 21,869	\$ 511,952	\$ 490,083
FY 2020 Current Service/ Unconstrained Request	\$ 2,065,814	\$ 2,555,897	\$ 490,083
Target Reduction/Initiatives	(94,003)	-	94,003
FY 2020 Constrained Target/Request	\$ 1,971,811	\$ 2,555,897	\$ 584,086
<i>Change to FY 2019 Enacted</i>	\$ (72,134)	\$ 511,952	\$ 584,086

Statewide Communications Network. The Agency requests \$3.5 million from all funds, including \$1.5 million from general revenues, \$0.5 million from federal funds, and \$1.5 million from Rhode Island Capital Plan funds for expenses related to the Rhode Island Statewide Communications Network. This is \$28,632 more than enacted from general revenues, which includes \$21,392 more for staffing costs. The request also includes \$6,700 more for other adjustments such as mobile phone service; the Agency notes that these items were inadvertently underbudgeted in its operating request last year. The federal funds are utilized for major maintenance costs, heating, ventilation, and air conditioning systems, and the replacement of radio control boards, and Rhode Island Capital Plan funds are also utilized for proposed upgrades to the network.

The Governor recommends \$24,755 less than requested from general revenues. This includes \$570 in statewide benefit savings and \$24,184 in potential savings from a statewide initiative to reduce the cost of certain commodities.

Indirect Cost Recovery. The Agency requests \$0.2 million from restricted receipts for funding available through recovery of indirect costs on some of its federal grants. The Assembly has assumed funding in the Agency's indirect cost recovery account; over the last four years, the final appropriation has been \$75,000 in FY 2015, \$163,258 in FY 2016, \$136,248 in FY 2017, and \$138,142 in FY 2018, but there has been no spending from this account. The request increases projected spending by \$0.1 million.

The Agency indicates that it currently has an indirect cost rate of 6.2 percent from the Department of Homeland Security, but will have to submit a complete application to the federal agency by December 31, 2018. The request includes \$115,499 for personnel costs, \$63,191 for a contract fiscal clerk position, and \$20,000 for costs associated with administering federal grants. Indirect cost recoveries from federal grants can be used for any purpose and should have the effect of reducing general revenue expenses. *The Governor's recommendation is consistent with the request.*

Other Salaries and Benefits. The Agency requests \$3.7 million, including \$0.8 million from general revenues, \$2.7 million from federal funds, and \$0.2 million from restricted receipts for other salaries and benefits. This is \$0.3 million more than enacted, including \$0.4 million more from general revenues and \$0.1 million less from federal funds based on matching requirements. The Agency indicates that the requested general revenues and federal funds include adjustments to ensure the required state match is provided for federal Emergency Management Performance Grants. The Agency notes it inadvertently did not request enough general revenues last year to meet the state match requirement, and it is realigning fund sources to ensure the correct match is now included.

The requested general revenue changes include \$0.3 million more for the state match, \$21,869 for current service adjustments, and \$0.1 million to restore turnover savings. As of the last pay period in November 2018, the Agency has 3.0 vacant positions.

The Governor recommends \$24,529 less from general revenues than requested. This includes \$5,092 in statewide benefit savings and an additional \$19,437 in turnover savings. It appears that statewide benefit savings from non-general revenue sources were not taken.

Disaster Funding. The Agency requests \$1.3 million, or \$0.6 million less than enacted from federal funds for reimbursements to entities in the state that have applied for federal disaster relief. This reflects projected reimbursements to be made in FY 2020 for entities affected by Hurricane Sandy, Tropical Storm Irene, and the blizzards of 2012, 2013 and 2015. It takes several years to close out such grants. *The Governor recommends funding as requested.*

Emergency Operations and Performance Grants. The Agency requests \$1.4 million from federal funds for emergency operations expenditures, or \$2.5 million less than enacted. The Agency notes the requested reduction is based in part on pass through grants in recent fiscal years. The funding, which is primarily passed through to local emergency management agencies, is used for construction and renovation of a state or local government's principal emergency management operations center and to provide support for emergency operations necessary to ensure continuity of government and operations in major disasters. *The Governor recommends funding as requested.*

Homeland Security Grants. The Agency requests \$3.4 million from federal funds for homeland security related upgrades throughout the state. The request is \$2.7 million less than enacted, which includes \$4.2 million for a homeland security grant not included in the enacted budget. The Agency notes the requested reduction is based in part on actual grants in recent fiscal years. *The Governor recommends funding as requested.*

Other Federal Grants. The Agency requests \$0.5 million from federal funds for all other grant awards and related expenditures. The request is \$1.1 million less than enacted to reflect the completion of the West Warwick wastewater treatment project as well as projected awards and updated expenditure estimates. *The Governor recommends funding as requested.*

Capital Projects. The Agency's operating request includes \$1.2 million from Rhode Island Capital Plan funds excluding the funding for the Statewide Communications Network, discussed previously. The funding, which is not included in the enacted budget, reflects design work to convert a state-owned building on Colorado Avenue in Warwick for its use. This request is not consistent with its FY 2020 through FY 2024 capital budget request, which includes \$0.8 million for this work in FY 2020. The Agency confirmed that the capital request is correct, and the additional \$0.4 million in the operating request is in error. *The Governor recommends funding consistent with the enacted budget. The projects are discussed in greater detail in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The enacted budget includes \$43,775 from general revenues for human resources and \$141,982 from general revenues for information technology services. The Agency requests \$1,500 for facility management services not included in the enacted budget. *The Governor recommends \$51,693 less than requested for information technology services based on billings through November and concurs with the remainder of the request.*

Other Operations. The Agency requests \$0.4 million from all funds, including \$0.1 million from general revenues for all other expenses. This is \$59,310 more than enacted from general revenues primarily to reflect adjustments for insurance premiums and mobile phone service based on actual expenses in recent fiscal years. The Agency notes that these items were inadvertently underbudgeted in its operating request last year. *The Governor recommends \$15,273 less from general revenues than requested based on two separate statewide savings initiatives designed to reduce operating costs.*

Department of Public Safety

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 7,728,386	\$ 12,045,858	\$ 16,100,412	\$ 15,920,755
E-911	6,968,614	6,350,275	7,170,900	6,792,261
Fire Marshal	-	-	-	-
Capitol Police	4,500,764	4,407,624	4,900,439	4,826,763
Sheriffs	20,696,695	20,515,915	22,462,368	21,916,856
Municipal Police Training Academy	625,982	707,327	720,188	716,044
State Police	83,984,277	89,561,626	90,558,065	88,919,519
Total	\$ 124,504,718	\$ 133,588,625	\$ 141,912,372	\$ 139,092,198
Expenditures by Category				
Salaries and Benefits	\$ 101,135,430	\$ 98,904,565	\$ 107,958,459	\$ 105,362,157
Contracted Services	750,859	1,913,254	1,014,945	912,639
Subtotal	\$ 101,886,289	\$ 100,817,819	\$ 108,973,404	\$ 106,274,796
Other State Operations	11,785,168	15,659,478	15,402,717	14,489,051
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	6,103,610	10,323,843	13,973,417	14,500,517
Capital	4,729,651	6,787,485	3,562,834	3,827,834
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 124,504,718	\$ 133,588,625	\$ 141,912,372	\$ 139,092,198
Sources of Funds				
General Revenue	\$ 103,337,018	\$ 104,032,363	\$ 112,666,120	\$ 111,196,673
Federal Aid	15,613,903	23,653,909	20,405,250	19,986,405
Restricted Receipts	552,603	1,036,918	892,319	1,742,319
Other	5,001,194	4,865,435	7,948,683	6,166,801
Total	\$ 124,504,718	\$ 133,588,625	\$ 141,912,372	\$ 139,092,198
FTE Authorization	564.6	564.6	606.6	595.6

Summary. The Department's request includes \$141.9 million from all sources which is \$17.4 million more than enacted. Expenditures include \$9.3 million more from general revenues, \$4.8 million more from federal funds, \$0.3 million more from restricted receipts, and \$2.9 million more from other funds. The request includes 606.6 full-time equivalent positions which is 42.0 more than enacted. This primarily reflects the addition of a new trooper class.

The Governor recommends \$139.1 million from all sources, which is \$14.6 million more than enacted including \$7.9 million more from general revenues. The recommendation is \$2.8 million less than requested including \$1.5 million less from general revenues. This includes \$0.7 million in statewide savings noted below where appropriate.

Target Issues. The Budget Office provided the Department with a general revenue target of \$105.5 million. The amount includes current service adjustments of \$6.7 million and a 5.0 percent target reduction adjusted for certain exclusions, of \$4.6 million. The constrained budget is \$2.2 million more than the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$5.7 million more than the target.*

FY 2020 Budget	Budget Office	DPS	Difference
FY 2019 Enacted	\$ 103,337,018	\$ 103,337,018	\$ -
Current Service Adjustments	6,747,725	6,747,725	-
New Initiatives	-	2,581,377	2,581,377
Change to FY 2019 Enacted	\$ 6,747,725	\$ 9,329,102	\$ 2,581,377
FY 2020 Current Service/Unconstrained Request	\$ 110,084,743	\$ 112,666,120	\$ 2,581,377
Target Reduction/Initiatives	(4,568,423)	(4,916,435)	(348,012)
FY 2020 Constrained Target/Request	\$ 105,516,320	\$ 107,749,685	\$ 2,233,365
Change to FY 2019 Enacted	\$ 2,179,302	\$ 4,412,667	\$ 2,233,365

Staffing. The Department requests FY 2020 staffing of 606.6 full-time equivalent positions which is 42.0 more than the enacted budget. The request reflects 40.0 new state troopers expected to graduate from the training academy July 1, 2019 and 4.0 new positions for Central Management, two of which are prior state police vacancies. The request includes \$108.0 million from all sources for salaries and benefits including \$99.4 million from general revenues. This is \$6.8 million more from all sources than the enacted budget including \$5.0 million from general revenues.

The 2018 Assembly eliminated 15.0 vacancies but it did not identify the positions. The Department's revised and FY 2020 requests distribute the reductions as follows: 13.0 positions in the Division of State Police and 2.0 positions in the E-911 Division. It is worth noting that the enacted budget specifically increased the staff for E-911 by 5.0 positions.

As of November 24, 2018, the Department has 542.0 filled full-time equivalent positions.

The Governor recommends 595.6 full-time equivalent positions which is 11.0 positions less than requested. The recommendation excludes one of the newly requested management positions and provides 10 fewer troopers. The recommendation is \$4.2 million more from all sources than enacted and includes \$4.8 million more from general revenues. The recommendation is also \$2.6 million less from all sources than requested including \$0.2 million less from general revenues.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The request includes the enacted amount of \$133,398 for facilities management, and \$825,409 for human resources. It also includes \$160,466 for information technology charges which is \$103 less than enacted; this is an error and should be consistent with the enacted budget. *The Governor recommends \$212,639 more than enacted, which includes \$64,315 less for facilities management and \$276,954 more for information technology services based on billings through November and December.*

Central Management

New Deputy Finance Director (1.0 FTE). The Department requests \$152,629 from general revenues for 1.0 new full-time deputy finance director to address deficiencies the Department has identified in its capacity to manage finances. This request reflects a full year of funding for this position which would

specifically manage day-to-day operations of the finance office, supervise and cross-train current and new staff, and provide office continuity in the event of turnover. In addition, the position will assist the Director of Finance and Central Management in monitoring expenditures, processing quarterly reports, and preparing the annual operating and capital budgets. The Department reports that it is trying to expand its indirect cost recovery program on federal grants to help offset the cost of this new position, but the request is for \$152,629 from general revenues.

The Department's constrained request excludes funding and authorization for this position. *The Governor does not recommend staffing or funding for this position.*

Fiscal Clerk (1.0 FTE). The Department requests \$72,320 from restricted receipts for a new fiscal clerk position to assist the Division with processing financial transactions. This position was filled in September and is funded by indirect cost recovery funds on federal grants awarded to the Department. These funds are available for flexible use including reducing general revenue expenses. This position was not included in the Department's FY 2019 budget request nor assumed in the enacted budget. It appears a vacant position from the Division of State Police was reallocated. *The Governor recommends funding and staffing as requested.*

New Grants Manager (1.0 FTE). The Department requests \$90,023 from general revenues for 1.0 new full-time grants manager position. This request reflects a full year of funding for this position which would be responsible for helping manage federal grants. The Department reports that the workload of managing federal grants has increased by about one third because of federal grant funding for a new statewide opioid response program. The Department reports that it is trying to expand its indirect cost recovery program on federal grants to offset the cost of new positions, such as this one. It should be noted that this is a requirement by state law on all eligible grants.

The enacted budget, consistent with the Department's request, included \$48,468 from federal funds for an independent contractor to assist the division with grants management for federally funded programs. However, the Department indicated that these services are no longer needed and requests \$48,468 less from federal funds.

The Department's constrained request excludes funding and authorization for this position. *The Governor recommends funding and staffing as requested.*

Other Salaries and Benefits (1.0 FTE). The Department requests \$1.8 million from all sources for 13.0 full-time equivalent positions which is \$306,786 more than enacted. Expenditures include \$0.2 million more from general revenues and \$0.1 million more from federal funds. The enacted budget assumes funding for 12.0 full-time equivalent positions. As of November 24, 2018 there are 2.0 vacancies. The request includes an increase in salary for the Director of Finance and Central Management, funding to fill 1.0 administrative position, and sufficient funding for the Public Information Officer which was filled using the prior administrative vacancy that is now being requested. The request also reflects other adjustments based on current staffing and includes \$17,965 for salary increases.

The Department's constrained request includes \$17,965 from general revenues achieved by eliminating the requested salary upgrades for civilians within the division. *The Governor concurs with the constrained request and includes \$8,577 less from statewide benefit savings.*

Crime Victim Assistance. The Department requests \$11.4 million from federal Crime Victim Assistance funds for local grants which is \$7.3 million more than enacted, based on a recent increase in the amount awarded to states. The Department grants awards to local programs that support direct services to victims of violent crime. Local programs must provide free services to victims of federal state and local crimes while fostering community efforts to aid crime victims. *The Governor recommends funding as requested.*

Other Grants. The Department requests \$2.6 million from other federal grants to award to local organizations which is \$600,766 more than enacted. The request reflects current grant awards. Expenditures include \$207,584 more from the Victim's Assistance Discretionary Fund, \$201,363 more from the STOP Violence Against Women Act program, and \$191,819 more from other federal grants. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$21,113 from all sources for other all other expenditures including \$250 more from general revenues. Federal fund expenditures decrease by \$71,468 relating to the Sex Offender Registration and Notification Act grant.

In FY 2018, the Department requested \$71,468 of an unspent balance from the Sex Offender Registration and Notification Act grant as part of a coordinated effort between state agencies and local experts. After an initial delay, the Department now reports that the software will not be purchased in FY 2019 and FY 2020 because it also wants to consult with the Department of Corrections before issuing a request for proposals once again. *The Governor recommends \$485 less from general revenues than requested which reflects three statewide savings initiatives designed to reduce operating costs.*

E-911

Salaries and Benefits. As part of her original FY 2019 budget the Governor recommended \$153,881 to fund two new E-911 Telecommunicator positions. The recommendation assumed a start date of July 1, 2018. The Assembly agreed and provided \$0.3 million to fund three more positions, for a total of 5.0 new telecommunicators; for a total of 52.6 full-time equivalent positions. The 2018 Assembly also eliminated 15.0 current vacancies from the Department but it did not identify the positions; the Department's request reduces the amount of staffing in the division by 2.0 positions. At the time the budget was enacted, the division had 42.0 full-time equivalent filled positions, or 10.6 vacancies.

The Department requests \$5.1 million from general revenues for 50.6 positions which is \$197,236 more than enacted. As of November 24, 2018 the Department reported having 43.0 full-time equivalent positions filled and expects to have all positions filled by the end of FY 2019. The request includes current service adjustments and restores \$0.1 million in turnover savings.

The request reflects internal promotions of four assistant shift supervisors to shift supervisors. The request also increases the starting salary of E-911 telecommunicators by two grades, making the starting salary \$39,978. A hearing was conducted to address the salary increases for the starting salary of the E-911 telecommunicators on October 3, 2018. It should be noted that the requested increase was not approved or funded in the enacted budget.

The Governor recommends \$95,615 less than requested which reflects \$43,166 in statewide benefit savings and \$52,449 of increased turnover savings.

Technology Upgrades. The 2018 Assembly provided an additional \$0.7 million from general revenues for the Division to perform technology upgrades. Funds will also be used for a statewide assessment of needs to implement Next Generation 911 and Text-to-911. The Department requests funding consistent with the enacted budget and is planning to update pictometry data, begin updating GIS data which is part of a larger five to seven-year project, replace laser projectors, upgrade all computer systems to Windows 10, purchase office equipment, and conduct additional trainings. The Department expects to launch Text-to-911 in February 2019.

The Assembly also enacted legislation in Article 7 of 2018-H 7200, Substitute A, as amended, to rename the E-911 Surcharge the Emergency Services and First Responses Surcharge to reflect the current use of the funds for emergency services and first responder agencies. It also requires the Office of Digital Excellence

to include recommendations for shared services across municipalities and to report on planned use of the Information Technology Investment Fund for projects related to public safety communications and emergency services. The fund currently receives 10.0 percent of the fees.

The Governor recommends \$250,000 less than requested which would provide \$450,000 for FY 2020. This is consistent with the FY 2019 revised recommendation and does not fund the upgrade to Windows 10.

Other Operations. The Department requests \$1.3 million from general revenues for all other expenses including additional computer supplies, software maintenance, operating expenses, and communication expenses, which is \$5,153 more than enacted and is consistent with the revised request. The requested increase reflects funding to conduct psychological testing of new recruits. The majority of the request reflects \$1.1 million for communications costs and ongoing hardware and software expenses; it also includes \$135,884 for operating expenses and supplies. *The Governor recommends \$33,024 less than requested which reflects three statewide savings initiatives designed to reduce operating costs.*

Sheriffs

Salaries and Benefits. The Department requests \$19.9 million from general revenue for salaries and benefits for 181.0 full-time equivalent positions, which is \$1.0 million more than enacted. The enacted budget assumed turnover savings of \$0.2 million for the Division. The request reflects additional turnover savings equivalent to approximately two positions and includes adjustments to medical benefits based on current staffing and an overstatement assumed in the enacted budget. The Division has 181.0 full-time equivalent positions authorized, of which all but four are filled; of that, currently 22 positions are on injured-on-duty status as of the end of 2018. That means they are not working but are paid from this budget and appear in the filled position count. *The Governor recommends \$144,418 less than requested which reflects statewide benefit savings.*

Injured on Duty. The Department's constrained budget proposes a change in state law governing injured-on-duty employment benefits. It assumes savings of \$2.0 million by requiring injured-on-duty employees to receive an independent medical examination and take an accidental disability retirement if it is approved by the State Retirement Board. The proposal limits the amount of time employees can be paid their full salary while on injured-on-duty leave to 18 months. The Department's proposal is the same as the Governor's proposal that was included in her FY 2019 budget.

The Governor proposes legislation in Article 3 amending the injured on duty laws. The legislation 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. The article 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. 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 includes an estimated \$1.7 million in savings in the Department of Administration's budget, which includes an estimated \$1.2 million for the Division of Sheriffs and \$0.1 million for the Division of Capitol Police.

Fleet Maintenance. The Department requests \$274,649 from general revenues for state fleet expenditures, which is \$0.2 million more than enacted, including maintenance and repairs. The request is largely consistent with FY 2018 expenditures and the revised request. The Department has 53 vehicles in circulation, of which 25 are over 10 years old.

The Department's constrained budget excludes \$153,952 of the requested increase. *The Governor recommends \$28,952 less than requested.*

Equipment. The Department requests \$262,370 from general revenues to purchase new equipment including \$41,480 for 34 tasers and \$220,890 to replace all of the division's radios. This is part of a larger proposal to equip the division with a less lethal option to incapacitate suspects and to update radios. The Department reports that Motorola, the servicer for portable radios, will no longer support the equipment after December 2018.

The Department's constrained request excludes this funding. *The Governor recommends \$113,890 less than requested for radios to reflect an extension of an additional year to the replacement plan.*

Training. The Department requests \$125,000 from general revenues for training classes which is \$100,000 more than enacted. The Department reports that Sheriffs are required to undergo different training classes over the year to maintain proficiency in various law enforcement skills. The training keeps the division accredited and helps gain additional federal funding. The Department believes that this program has been underfunded and the additional request is to properly fund training programs. In FY 2018, the Department spent \$510 on staff training, which was \$24,490 less than provided. FY 2017 spending was \$668 on training. No such increase is requested in the Department's FY 2019 revised request.

The Department's constrained request excludes this funding. *The Governor excludes funding consistent with the constrained request.*

Vehicles. The Department requests \$168,919 from general revenues to make payments on 20 vehicles financed through the State Fleet Revolving Loan Fund, which is \$116,000 more than enacted. This request reflects the debt service for vehicles that will be purchased in FY 2019 and in FY 2020 and paid back over three years. The Department reports that its fleet is unreliable, and new vehicles are needed for the division to continue its duties. The enacted budget assumes \$59,919 for payments on vehicles purchased in FY 2018. The Department proposes to purchase 10 vehicles for \$348,000 in FY 2020 and 10 additional vehicles for \$345,000 in FY 2021. Under this plan, FY 2021 costs would be \$231,000.

The Department's constrained request excludes this funding. *The Governor excludes funding consistent with the constrained request.*

Other Operations. The Department requests \$1.4 million for other operating expenses including rent, travel, and supplies, which is \$123,638 more from general revenues including \$25,000 more for updated charges for space in Judiciary buildings. This is consistent with the revised request. The request assumes total Judiciary charges of \$0.8 million for FY 2020 which includes rent and other overhead costs. Planned expenditures also include more for uniforms, as well as taser batteries, cartridges, spare holsters, a simulator suit, and ballistic vests for new hires. It also includes other specialized equipment for crowd control. *The Governor recommends \$42,252 less than requested to reflect three statewide savings initiatives designed to reduce operating costs.*

Capitol Police

Salaries and Benefits. The Department requests \$4.4 million from general revenues for 38.0 full-time equivalent positions for capitol police staff not allocated to internal service funds which is \$253,849 more than enacted. There are also 13.0 full-time equivalent positions funded through internal service funds. The request reflects current service adjustments, consistent with the additional staff that started duty in FY 2019. The request also restores \$0.1 million in turnover savings. *The Governor recommends \$29,140 less than requested to reflect statewide benefit savings.*

Equipment. The Department requests \$73,120 from general revenues to purchase new equipment including \$13,420 for 11 tasers and \$59,700 for replacing all of the radios. This is part of a larger proposal to equip the division with a less lethal option to incapacitate suspects and update radios, and new staffing. The Department reports that Motorola, the servicer for portable radios, will no longer support the equipment after December 2018. The Department indicates that it did not want to request expenditures that would exceed the enacted budget in its revised request for FY 2019.

The Department's constrained request excludes this funding. *The Governor excludes funding consistent with the unconstrained request.*

Other Operations. The Department requests \$252,536 from general revenues for all other expenses which is \$72,706 more than enacted. This request appears largely consistent with the revised request, although the requested funding in FY 2019 reflects additional recruitment costs for 11 new capitol police. However, in FY 2020 the Department expects to only recruit four or five positions to replace retiring capitol police.

The Department recruited 11.0 full-time equivalent cadets in December 2018 and the cadets started duty in January 2019. There, the request reflected the additional costs of training, medical evaluations, and supplies for the new recruits. The enacted budget assumed \$11,625 from general revenues for the recruitment of the new capitol police officers including psychological and medical examinations. However, the request did not originally include the additional funding needed to outfit the new recruits with the necessary supplies and uniforms.

The Department's constrained request increases funding for state fleet expenses which is \$2,636 more than the unconstrained request, which appears to be in error. *The Governor recommends \$9,357 less than requested which reflects three statewide savings initiatives designed to reduce operating costs.*

Municipal Police Training Academy

Rent. The Department requests \$33,532 from general revenues to pay rent for space at the Flanagan Campus of Community College of Rhode Island and the National Guard's Camp Fogarty. The request reflects an estimated \$12,470 in new rental costs for space at Camp Fogarty and \$21,062 in rent for space at the Community College, contrary to the enacted budget which adopted a savings initiative proposed by the Department and the Governor.

The Governor's FY 2019 recommendation proposed to move the Training Academy from the Community College to the National Guard's Camp Fogarty to save \$25,475 in lease payments. The Department assumed that the National Guard would not charge the division for use of the space based on prior practice. However, the Department decided to continue using space at the Community College and signed a lease with the school which is effective until June 30, 2019. The National Guard also started charging rent this year for the use of Camp Fogarty. As of January 15, 2019, no lease or memorandum of agreement has been signed between the Department and the National Guard. *The Governor recommends funding as requested.*

Personnel and Operating. The Department requests \$686,434 from all sources for personnel costs, specialized equipment, and operating expenses of the Municipal Police Training Academy which is \$60,674 more than enacted. The request includes \$240,124 for the salaries and benefits of 2.0 full-time equivalent positions and the cost of using an attorney from the Attorney General's office to teach at the Training Academy, all of which is \$14,251 more than enacted. The request includes \$125,565 from federal funds to purchase riot shields and body armor which is consistent with the revised request and \$109,565 more than enacted. The request also includes \$295,225 for all other costs including local experts to give lectures at the academy and operating expenses which are \$48,891 less than enacted and reflect FY 2018 expenditures and the revised request.

The constrained request increases funding for state fleet expenses which is \$930 more than the unconstrained request, which appears to be in error. *The Governor recommends \$4,144 less from general revenues than requested which includes \$2,613 from statewide benefit savings and \$1,531 from three statewide savings initiatives designed to reduce operating costs.*

State Police

Adult Use Marijuana Initiatives. On January 13, 2019, the Governor announced the intention to establish a legal adult use marijuana program, citing the operations in neighboring states. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine has previously adopted an adult use program anticipated to launch during spring 2019. Vermont permits adult use of marijuana, but does not permit retail sales. New York's Governor has proposed an adult use program in the budget to begin next year. Bills have also been introduced in Connecticut and New Hampshire legislatures.

The Governor's budget includes Article 20 of 2019-H 5151 to establish the authorization and regulation of an age 21 and older adult use marijuana program. The regulation of all programs is centralized within the 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 Governor's budget assumes \$6.5 million of new revenues, including \$4.9 million 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.

The Governor recommends \$850,000 from restricted receipts for the Division of State Police; it is unclear how these funds will be used by the Department.

Lottery Tiverton Casino Related Patrols. The Department requests \$1.5 million from Lottery funds to fund the overtime costs for 5.0 troopers to monitor the activity at the new Tiverton Casino for which the enacted budget included no funding. The division started patrolling the Tiverton Casino on August 13, 2018. This request reflects the overtime costs for 2.0 full-time troopers to monitor the Casino during the day, 2.0 full-time troopers to monitor at night, and 1.0 supervisor during the day. *The Governor does not recommend the additional funding. It appears the patrols ended in early November and cost \$0.4 million.*

Opioid Response Programs. The Department requests \$924,997 from new federal funds for personnel and operating expenditures to implement a statewide program aimed at preventing the spread of opioid addiction. This request reflects general revenue personnel savings of \$0.3 million as staff will now be funded from federal grants. The Department is a sub-grantee of a federal award given to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to support Rhode Island's Heroin – Opioid Prevention Effort Initiative. The U.S. Department of Health and Human Services granted the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals \$12.6 million for FY 2019 to administer programs under this initiative. The Department of Public Safety budget request reflects \$975,000 from these federal funds.

Expenditures include \$329,916 for salaries and benefits for approximately two full-time current staff members to start implementing this program, \$430,000 for professional services including medical professionals, lecturers for training, and information technology services, and \$215,084 for general operating expenditures.

After the budget was submitted, the Department was notified that it should expect to receive only \$450,000 of these funds for FY 2020 because the Department subsequently received two additional federal grants for this initiative from the Department of Justice. A memorandum of understanding with the Department of Behavioral Healthcare Developmental Disabilities and Hospitals has not been signed as of December 10, 2018.

The Governor recommends \$145,359 less from federal funds than requested which reflects the reduction in grant funds received from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The reduction is offset by an increase of \$177,686 from the additional federal grants noted above.

New Trooper Class (40.0 FTE). The Department requests \$5.4 million from general revenues for salaries and benefits of 40.0 new troopers that are expected to graduate the State Police Training Academy on July 1, 2019. The request also includes the current service adjustments that troopers receive after completing six months of service. The class began with 40 recruits on January 14, 2019.

The Governor recommends 30.0 full-time equivalent positions which is 10.0 positions and \$1.6 million less from general revenues than requested. This assumes the Department will not replace any drop outs that occur and there will be attrition similar to the last academy, which was 14.0 cadets.

Other Salaries and Benefits. The Department requests \$69.3 million from all sources for the remaining 264.0 full-time equivalent positions which is \$2.1 million less than enacted. This includes \$1.8 million less from general revenues, \$0.2 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.7 million less from other funds. The position count reflects the shift of two positions to Central Management. The request inadvertently excludes \$1.6 million from Department of Transportation reimbursements for construction patrol and enforcement. Adjusting for that, the budget would be \$0.4 million less from all sources including \$0.9 million more from other funds which reflects an increase in Lottery funds for increased staffing of the Gaming Enforcement Unit.

Changes to the enacted budget include increases in salaries and benefits consistent with the collective bargaining agreement for troopers and civilians as well as other statewide adjustments. Some of this is offset by savings from retirements. The request also adds \$0.1 million to upgrade salaries for five civilian employees. Additionally there is \$1.6 million more for overtime expenses reportedly because there are more events, including rallies and protests that require state police details. This would bring total overtime expenses to \$6.8 million. Comparable FY 2018 expenditures were \$4.7 million; the Department requests \$6.6 million as part of its revised request.

The Department's constrained request excludes the \$0.1 million for salary upgrades and \$0.3 million of the overtime increase.

The Governor recommends \$0.9 million more from all sources, including \$1.6 million more from general revenues than requested. The recommendation reflects a shift of \$1.8 million from Lottery funds to general revenues for the Gaming Enforcement Unit consistent with the November revenue estimate which assumed expenses would not be first deducted from Lottery revenues. The recommendation corrects the exclusion of \$1.6 million from Department of Transportation reimbursements. Additionally, the recommendation includes \$291,023 less from statewide benefit savings and excludes funding for the requested salary upgrades. It appears that statewide benefit savings from non-general revenue saving was not taken.

Fleet Maintenance. The Department requests \$2.0 million from all sources for state fleet expenditures which is \$497,434 more than the enacted but consistent with prior years' expenses. The request also includes additional gas, insurance, and regularly scheduled maintenance for the new vehicles that were purchased in FY 2018 and in FY 2019. The enacted budget was based on the Department's FY 2019 request, which apparently underfunded the amount needed. The FY 2019 request is the lowest amount requested for fleet maintenance since FY 2014 and yearly expenditures range from \$1.7 million to \$2.2 million. The Department has spent an average of \$1.9 million for fleet maintenance since FY 2014.

The Department's constrained request excludes \$275,214 of funding for state fleet expenditures. *The Governor recommends \$50,214 less than requested.*

Vehicles. The Department requests \$347,478 from all sources for vehicle purchases which is \$2.4 million less than enacted and includes \$268,218 more from general revenues and \$2.7 million less from Google Forfeiture federal funds which exhausts the funds. The Department previously was able to use Google Forfeiture funds for one time purchases including vehicles. Planned expenditures and past spending show that at the end of FY 2019 there will not be any more funding available. For FY 2020, the Department requests that vehicles are paid with general revenues via the State Fleet Revolving Loan fund.

The request includes \$347,478 from general revenues to make payments on vehicles financed through the State Fleet Revolving Loan Fund which is \$268,218 more than enacted. This request, totaling \$0.3 million, reflects the debt service for vehicles purchased during FY 2019 but fails to include outstanding payments for vehicles purchased in FY 2017 and FY 2018. The enacted budget was based on the Department's FY 2019 request which incorrectly stated the amount needed for vehicle payments in FY 2019 as well as past and future debts. Additionally, the Department appears to have omitted the prior year's debt service payment in its budget request and the request still underfunds the amount owed. The actual cost for FY 2020 is \$0.7 million which is \$418,359 more than requested. *The Governor recommends funding as requested.*

Network System and Information Technology Projects. The Department requests \$1.8 million from all sources for network system and information technology projects which is \$666,040 more than enacted including \$914,252 more from general revenues. Expenditures include \$400,000 to replace core network switches and routers, \$210,000 for software maintenance agreements, and \$304,252 for other computer equipment. The Department reports that the switches and routers are no longer supported by the manufacturer. The request to update the switches and routers was previously part of the enacted budget in FY 2018 but the Department reported that it did not purchase the equipment; it needed the funding to cover overspending in other areas.

The Department's constrained request excluded funding for the core network switches and routers and the software maintenance agreements, a total of \$610,000.

The Governor recommends \$315,000 less than requested for switches and routers, based on obtaining the networking equipment through a leasing company that would service it regularly and provide a full replacement after five years.

Capital Projects. Consistent with the capital request, the Department requests \$3.0 million from Rhode Island Capital Plan funds for capital projects which is \$2.2 million more than the enacted. The request includes \$0.1 million more to start architectural and engineering services for the State Police Headquarters' Roof Replacement, \$0.5 million more for the Department's asset protection projects, \$2.0 million for the Headquarters Roof Replacement, and \$0.4 million less for the State Police Training Academy Upgrades because the project finished early in FY 2019. *The Governor recommends \$2.5 million more than enacted and \$0.3 million more than requested. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Radio Replacement. The Department requests \$720,000 from general revenues to replace radios. The request reflects a larger five year plan to replace all the vehicle and portable radios within the division. The Department reports that Motorola, the servicer for the vehicle and portable radios, will no longer support the equipment after December 2018. The Governor had recommended in her FY 2018 budget that the Department replace the radios using Google Forfeiture funds, but the Department reports that those funds have been used for other items and are no longer available.

The Department's constrained request excludes the funding. *The Governor recommends \$262,188 less from general revenues than requested and to reflect an extension of the replacement plan by one year.*

Utilities and Internet. The Department requests \$992,694 from general revenues for utilities and internet services at the State Police Headquarters and the barracks which is \$0.4 million more than enacted. The request largely reflects FY 2018 expenditures and the revised request. The Department has spent more than authorized for the past four years. *The Governor recommends funding as requested.*

Maintenance and Repairs. The Department requests \$558,106 from all sources for maintenance and repairs which is \$283,980 more than enacted, including \$314,170 more from general revenues. Expenditures include maintenance to the building and office equipment, waste management, and snowplowing and sanding, and largely reflect the FY 2019 revised request. Expenditures are \$96,837 more than FY 2018 spending, primarily for repairs on office and other equipment for which the Department cannot give specific details. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$10.8 million from all sources for all other expenses including supplies and communication expenses. This is \$0.3 million more from general revenues, \$1.3 million less from federal funds, and \$0.1 million more from restricted receipts. Expenditures include \$0.2 million more for professional services such as additional legal assistance, veterinary, janitorial, and records management, and \$0.2 million more for additional office supplies. Federal funds expenditures decrease by \$1.3 million with the largest adjustment relating to the Google Forfeiture funds which are no longer available and were used to purchase equipment. The request reflects \$145,488 more from forfeited property restricted receipts offsetting some of the exhausted Google funds. *The Governor recommends \$158,362 less from general revenues than requested which reflects three statewide savings initiatives designed to reduce operating costs.*

Departmentwide Target Items

Portsmouth Barracks. As part of its constrained request, the Department includes \$1 of revenue enhancements of selling the Portsmouth Barracks to save on utility payments and create revenue from selling the land. The Portsmouth Barracks has not been occupied by the State Police since 2012; that was part of a budget savings initiative which relocated State Police to other barracks within the state. The Department reports that an indeterminable of savings would be achieved on utility costs because the building still requires power for security. The Town of Portsmouth has assessed the property value to be \$1.8 million. *The Governor does not recommend this initiative.*

Office of the Public Defender

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 11,272,586	\$ 10,923,107	\$ 12,502,638	\$ 11,565,442
Contracted Services	259,450	250,808	254,935	207,260
Subtotal	\$ 11,532,036	\$ 11,173,915	\$ 12,757,573	\$ 11,772,702
Other State Operations	1,052,980	1,046,562	1,086,754	1,055,234
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	45,000	45,000	45,000	45,000
Capital	46,500	46,500	69,000	51,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 12,676,516	\$ 12,311,977	\$ 13,958,327	\$ 12,923,936
Sources of Funds				
General Revenue	\$ 12,575,531	\$ 12,236,312	\$ 13,882,662	\$ 12,848,271
Federal Aid	100,985	75,665	75,665	75,665
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 12,676,516	\$ 12,311,977	\$ 13,958,327	\$ 12,923,936
FTE Authorization	95.0	95.0	104.0	96.0

Summary. The Office of the Public Defender requests FY 2020 expenditures of \$14.0 million, which is \$1.3 million more than the enacted budget. The request includes \$1.3 million more from general revenues and \$25,320 less from federal funds. The Office requests 104.0 full-time equivalent positions, nine more than the enacted level.

The Governor recommends \$12.9 million from all sources, including \$12.8 million from general revenues, which is \$0.2 million more than enacted. This includes \$0.1 million in statewide savings, noted below where appropriate. The Governor includes 96.0 positions, which includes a new social worker.

Target Issues. The Budget Office provided the Office with a general revenue target of \$12.4 million. The amount includes current service adjustments of \$0.5 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$0.6 million.

FY 2020 Budget	Budget Office	Office of the Public Defender	Difference
FY 2019 Enacted	\$ 12,575,531	\$ 12,575,531	\$ -
Current Service Adjustments	454,061	375,692	(78,369)
New Initiatives	-	931,439	931,439
Change to FY 2019 Enacted	\$ 454,061	\$ 1,307,131	\$ 853,070
FY 2020 Current Service/Unconstrained Request	\$ 13,029,592	\$ 13,882,662	\$ 853,070
Target Reduction/Initiatives	(617,825)	(661,822)	(43,997)
FY 2020 Constrained Target/Request	\$ 12,411,767	\$ 13,220,840	\$ 809,073
Change to FY 2019 Enacted	\$ (163,764)	\$ 645,309	\$ 809,073

The constrained budget submitted by the Office is \$0.8 million above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget recommendation is \$0.4 million above the Budget Office target.*

8.0 New Assistant Public Defenders. The Office requests \$0.9 million from general revenues for eight new assistant public defender positions in FY 2020 as part of an ongoing effort to relieve the caseload burden at the agency. The requested amount includes \$845,711 for salaries and benefits, \$18,000 for new laptops, work stations, Microsoft Office licensing fees, and anti-virus software, and \$2,500 for law books and subscriptions. The request assumes these full-time attorneys will be hired at the beginning of FY 2020. The 2018 Assembly included \$0.2 million from general revenues for two new assistant public defenders in FY 2019. *The Governor does not recommend the request.*

1.0 New Social Services Caseworker. The Office requests \$0.1 million from general revenues for salaries and benefits for a new social services caseworker, who would be hired at the beginning of FY 2020 to work on efforts to reduce incarceration of juveniles. The new hire would replace a contract social worker and help clients out of formal judicial processing and into diversion programs, which will reduce the number of juvenile justice cases formally processed in court. The social services caseworker will also guide clients in accessing community programs and maintaining compliance with diversion services, with the goal of avoiding escalation into formal processing and reducing the number of cases in Department of Children, Youth and Families probation and or in state custody. The Office further noted that the federal juvenile block grant that used to fund these activities expired a few years ago.

Based on information from the Office, it appears the operating request inadvertently included \$45,000 more than intended from general revenues for a contract social worker in FY 2020. The Office clarified that if this new social services caseworker is approved, the \$45,000 will not be necessary. *The Governor recommends the new position and reduces contracted services by \$47,675, based on the salary for the new position.*

Other Salaries and Benefits. The Office requests \$11.6 million from general revenues for salaries and benefits for the authorized 95.0 full-time equivalent positions, which is \$0.3 million more than enacted. The request reflects an increase of \$0.5 million for current service adjustments and \$0.1 million for additional turnover savings.

As of the pay period ending October 27, 2018, the Office has 93.0 filled positions, or 2.0 vacancies. The Public Defender's Office noted that it expects less turnover in FY 2020 than FY 2019, given that most expected retirements have occurred in recent fiscal years and the likelihood of its current staff and anticipated hires continuing to work in the Office through FY 2020.

The Office's constrained request proposes eliminating 7.0 full-time positions for savings of \$0.7 million. The Office indicates that its current caseload would prevent the ability to absorb additional cases for FY 2020 if this proposal is approved. As a result, cases referred by the Judiciary would not be accepted.

[Staff Note: The Office's operating budget request reflects only one constrained proposal to eliminate District Court representation statewide, but as in previous years, it provided information on additional options to achieve the proposed savings. For information purposes, the three options are described below.]

The Governor recommends \$11.5 million from general revenues, which is \$91,485 less than requested to reflect statewide savings.

Target Option 1. The first option would eliminate all representation in District Court violations calendars statewide and close the District Court offices. In accordance with state law, the Office is obligated to represent indigent defendants only in criminal and parental rights cases. In FY 2018, the Office provided

representation in 9,785 misdemeanor cases statewide at a cost of \$627 per case. *The Governor's recommendation does not include this proposal.*

Target Option 2. The second option would eliminate all District Court representation in Providence County and close the District Court office in Providence County. In FY 2018 in Providence County, the Office provided representation in 4,087 misdemeanor cases in Providence Court at a cost of \$627 per case. *The Governor's recommendation does not include this proposal.*

Target Option 3. The third option would eliminate all adult criminal court representation in Kent County and close the Kent County District Court and Superior Court offices. In FY 2018 in Kent County, the Office provided representation in 3,857 misdemeanor cases in District Court at a cost of \$627 per case and 803 felony cases in Superior Court at a cost of \$2,105 per case.

It appears that options 1, 2, and 3 would require both state and federal law changes to achieve the desired savings since these would conflict with them as constructed. Federal and state requirements mandate the assistance of counsel to indigent defendants in criminal cases pursuant to the United States Supreme Court's *Gideon v. Wainwright* decision. *The Governor's recommendation does not include this proposal.*

Edward Byrne Memorial Grant. The Office requests \$29,000, or \$25,320 less than enacted from the federal Edward Byrne Memorial Justice Assistance Grant. The grant funding is available to states and local government units for various criminal justice purposes; the Office utilizes the funding for a contract social worker to assist with the assessment and evaluation of adult clients and placement into social service community programs. The requested amount of \$29,000 is consistent with the Office's FY 2019 revised request, and the Office indicates that in recent years it has received an annual award of \$25,000. The Office notes that no funding has been spent in the current year and its 2017 award cannot be utilized until pending federal litigation is resolved. Based on a November 2018 United States District Court ruling, these grant funds can now be utilized. *The Governor recommends funding as requested.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Office requests \$12,186 from general revenues for its share of centralized information technology services, consistent with the enacted level. *The Governor recommends funding as requested.*

Other Operations. The Office requests \$1.4 million, nearly all from general revenues for other operations. This includes \$0.5 million for rent. The request is \$56,579 more than enacted from general revenues and includes the enacted level of federal funds. Similar to the Office's FY 2019 revised request, some of the changes reflect FY 2018 spending and a trending increase in services such as \$10,000 more for interpreters and translators, \$7,000 more for court transcripts, and \$5,000 more for expert witnesses, primarily medical experts. The changes also include \$10,000 more in the rental account to reflect a parking rate increase and anticipated utility payments, \$10,000 more for the cost of legal compilations and subscription services that have increased in recent years, \$12,700 more for telephone expenses based on FY 2018 spending, and \$11,184 less for travel reimbursement to better reflect the Office stationing more staff in the branch offices and employees are bundling their investigations in order to reduce costs.

The Governor recommends \$27,559 more than enacted and \$29,020 less than requested. It includes \$24,716 less than requested to reflect three separate statewide savings initiatives designed to reduce operating expenses. She also reduces funding for staff training and other office expenses consistent with historical spending.

Department of Environmental Management

	FY 2019		FY 2019		FY 2020		FY 2020
	Enacted		Revised		Request		Recommended
Expenditures by Program							
Office of the Director	\$ 11,043,408	\$	10,867,571	\$	11,289,006	\$	11,499,454
Bureau of Natural Resources	65,139,345		57,472,093		60,480,393		59,543,397
Bureau of Environmental Protection	32,506,754		30,541,738		31,846,184		31,847,756
Total	\$ 108,689,507	\$	98,881,402	\$	103,615,583	\$	102,890,607
Expenditures by Category							
Salaries and Benefits	\$ 51,800,733	\$	50,060,263	\$	53,043,042	\$	53,874,137
Contracted Services	6,946,945		7,258,395		7,168,895		7,107,895
Subtotal	\$ 58,747,678	\$	57,318,658	\$	60,211,937	\$	60,982,032
Other State Operations	16,367,157		15,881,880		17,090,016		17,200,739
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	7,042,070		6,910,523		6,584,623		6,783,829
Capital	26,482,602		18,720,341		19,679,007		17,874,007
Capital Debt Service	-		-		-		-
Operating Transfers	50,000		50,000		50,000		50,000
Total	\$ 108,689,507	\$	98,881,402	\$	103,615,583	\$	102,890,607
Sources of Funds							
General Revenue	\$ 41,841,215	\$	41,032,676	\$	44,380,640	\$	45,178,568
Federal Aid	31,763,160		31,738,097		32,309,537		32,309,520
Restricted Receipts	17,580,291		15,695,625		16,110,851		16,332,964
Other	17,504,841		10,415,004		10,814,555		9,069,555
Total	\$ 108,689,507	\$	98,881,402	\$	103,615,583	\$	102,890,607
FTE Authorization	395.0		395.0		403.0		406.0

Summary. The Department of Environmental Management requests \$103.6 million for FY 2020, which is \$5.1 million less than enacted and includes \$2.5 million more from general revenues, \$0.6 million more from federal funds, \$1.5 million less from restricted receipts and \$6.7 million less from other funds, primarily Rhode Island Capital Plan funds. The Department requests 403.0 full-time equivalent positions, which is 8.0 more than enacted.

The Department also submitted a constrained request that totals \$100.8 million and includes \$2.8 million less from general revenues than the unconstrained request. The constrained request includes a staffing authorization of 386.0, or 9.0 positions less than enacted. *The Governor recommends \$5.8 million less than enacted from all sources and includes \$3.3 million more from general revenues, \$0.5 million more from federal funds, \$1.2 million less from restricted receipts, and \$8.4 million less from other funds. This includes \$0.8 million of statewide savings, noted below where appropriate. The recommendation also includes 406.0 full-time equivalent positions, 11.0 positions more than enacted.*

Target Issues. The Budget Office provided the Department with a general revenue target of \$41.2 million. The amount includes current service adjustments of \$1.2 million and a 5.0 percent target reduction of \$1.9

million adjusted for certain exclusions. The Department's request is \$0.4 million above the target. *The Governor's recommendation is \$4.0 million above the target.*

FY 2020 Budget	Budget Office		DEM	Difference		
FY 2019 Enacted	\$	41,841,215	\$	41,841,215	\$	-
Current Service Adjustments		1,196,404		1,196,404		-
New Initiatives		-		1,343,021		1,343,021
<i>Change to FY 2019 Enacted</i>	\$	<i>1,196,404</i>	\$	<i>2,539,425</i>	\$	<i>1,343,021</i>
FY 2020 Current Service/ Unconstrained Request	\$	43,037,619	\$	44,380,640	\$	1,343,021
Target Reduction/Initiatives		(1,871,518)		(2,790,783)		(919,265)
FY 2020 Constrained Target/Request	\$	41,166,101	\$	41,589,857	\$	423,756
<i>Change to FY 2019 Enacted</i>	\$	<i>(675,114)</i>	\$	<i>(251,358)</i>	\$	<i>423,756</i>

Staffing (8.0 FTE). The Department requests \$53.0 million or \$1.2 million more than enacted from all sources for salaries and benefits for 403.0 full-time equivalent positions. The enacted budget includes a reduction in the staffing authorization of 5.0 unidentified positions and turnover equivalent to approximately 12 positions. The Department's FY 2019 revised request includes 3.0 new positions while eliminating 3.0 other, unidentified positions. The FY 2020 request maintains these positions and seeks restoration of 8.0 unidentified positions.

Subsequent to the budget submission, the Department indicated that the request unintentionally excludes \$0.1 million from general revenues as a result of a technical error. Additionally, the Department upgraded a number of classified positions through a public hearing in August 2018. The upgrades cost \$0.2 million, split evenly between general revenues and other sources. At an estimated average cost per position of \$133,370, the Department's request would fund 397.7 full-time equivalent positions, maintaining turnover equivalent to approximately 5.3 positions. The Department has averaged 368.6 filled full-time equivalent positions for FY 2019 as of the pay period ending October 27, 2018. It is also noteworthy that 60.5 percent of the enacted budget for salaries and benefits is from general revenues; the Department's request would increase that to 62.4 percent. *The Governor recommends \$2.1 million more than enacted, including \$2.4 million from general revenues. The recommendation increases the authorization for staffing by 11.0 full-time equivalent positions, for a total of 406.0 positions. The recommendation includes turnover equivalent to roughly five positions. There are 20.0 vacancies as of the pay period ending February 2, 2019.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Department's share of centralized services, the request includes the enacted amount of \$2.5 million, including \$10,620 from restricted receipts and the rest from general revenues. By service, it includes \$0.6 million for human resource services and \$1.9 million for information technology charges. It should be noted that in FY 2018, the Department was charged \$0.3 million less than the final appropriation, including \$0.3 million less from general revenues. *The Governor recommends \$0.3 million less than requested from general revenues based on actual billings through November.*

Office of the Director

The Office of the Director develops and implements the agency's wide range of programs to protect Rhode Island's environment, protect the citizens of the state from public health threats resulting from pollution, and provide facilities that support a diversity of outdoor recreational activities.

Deputy Director (1.0 FTE). The Department requests \$0.3 million for a new deputy director position within the Office of the Director. The position is requested for both FY 2019 and FY 2020; funding in FY 2019 is entirely from the Department's indirect cost recovery restricted receipts; funding for FY 2020 is split between general revenues and those restricted receipts. The Department indicates the position was last vacated in April 2005, then called an Associate Director, and will oversee operations within the Office of the Director.

On December 10, 2018, the Department of Administration submitted notice in accordance with Rhode Island General Law, Section 36-4-34.1 transferring an associate director to the Department of Environmental Management to serve in this role for a period of 12 months. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$5.1 million or \$0.1 million less than enacted from all sources for salaries and benefits to support the other 35.0 full-time equivalent positions in the Office of the Director. This includes \$0.1 million more from general revenues offset by \$0.2 million less from restricted receipts. The Department's FY 2019 revised request includes a reduction of 1.0 position to offset a new deputy director; that unidentified reduction is excluded from this request for a total of 35.0 full-time equivalent positions. It should be noted that the decrease to restricted receipts reflects funding for the deputy director and is mostly from indirect cost recovery, \$0.2 million of the total, which are flexible funds that can be used like general revenues. The enacted budget contains no turnover savings for the Office. The request includes current service adjustments consistent with Budget Office planning values and would fund 34.0 full-time equivalent positions with 1.0 position of turnover. The Office has 34.0 filled positions as of the pay period ending October 27, 2018. *The Governor recommends \$17,798 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

America's Cup. The America's Cup is a yacht race which occurs every four years between yacht clubs from around the world. Leading up to the final, which will be held in New Zealand in 2021, there will be a number of qualifying competitions around the world. In June 2020, the America's Cup World Series will take place in Newport. The last event held in Newport was from June 28 through July 1, 2012. It should be noted that the Governor recommended \$0.8 million from general revenues for FY 2018 for costs associated with the Volvo Ocean Race in May 2018. The Assembly provided funding from statewide tourism funds budgeted in the Commerce Corporation to cover these expenses. *The Governor recommends \$0.4 million from general revenues to support operational costs associated with hosting the event. Expenses include security, public safety, sanitation, equipment rental, and electrical services.*

Bays, Rivers, and Watersheds Fund. The Department requests \$0.3 million or \$39,500 more than enacted from the Bays, Rivers and Watershed restricted receipt account for projects related to water monitoring and pollution abatement. The fund is derived from fees collected for the disposal of septage from a \$1 per hundred gallons charge on septage disposal in the state. Pursuant to Article 16 of 2015-H 5900, which abolished the Bays, Rivers and Watersheds Coordination Team, the restricted receipts are utilized by the Department for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. In FY 2018, the program underspent by \$0.3 million; the FY 2019 revised request increases funding for this item by \$149,500 as prior grantees will receive awards during FY 2019. *The Governor recommends funding as requested.*

Abandoned Vessel Removal. The Department requests the enacted level of \$0.1 million for the Abandoned Vessel Removal program. The fund derives revenues from an additional fee assessed during the vessel registration process. Funds from the account may only be used to cover the costs of removing, disposing, and/or selling derelict and abandoned vessels and other obstructions, including any associated administrative or environmental remediation costs. The FY 2019 revised request reduced funding for this program by \$50,000 to reflect past expenditures and allow for any unplanned vessel removal; the

Department indicates the FY 2020 request should match the revised request. Past expenditures for the program include \$37,876 in FY 2017 and \$2,516 in FY 2018. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$3.8 million or \$26,989 more than enacted from all sources for other expenses within the Office of the Director. The request includes \$3.0 million from general revenues, of which \$2.7 million supports the Department's lease of its headquarters at the Foundry, \$0.2 million from federal funds, and \$0.6 million from restricted receipts, of which \$0.5 million supports the Regional Greenhouse Gas Initiative. The increases include \$8,489 more from general revenues and \$18,500 more from restricted receipts. The increases from restricted receipts are mostly for new computers while the increase to general revenues mostly reflects aligning the budget with actual spending from FY 2018 for subscriptions. The Department's FY 2019 revised request reduces general revenue expenditures by \$751; the Department indicates this request should reflect similar changes as the revised request. *The Governor recommends funding as requested and includes \$92,117 in additional savings from general revenues based on three statewide savings initiatives designed to reduce operating costs.*

Bureau of Environmental Protection

The Bureau of Environmental Protection is responsible for preventing and minimizing pollution to, and monitoring the quality and overseeing the restoration of water, air, and land.

Air Resources Staffing. The Department requests \$3.7 million, or \$0.1 million more than enacted for salaries and benefits for 25.0 authorized full-time equivalent positions for the Office of Air Resources. This includes \$0.2 million more from general revenues, \$0.1 million less from federal funds, and \$2,030 more from restricted receipts. The Office is responsible for the preservation, protection and improvement of air quality in Rhode Island. There is turnover savings equivalent to 2.0 positions in the enacted budget. The request includes current service adjustments consistent with Budget Office planning values and restores turnover savings equivalent to 1.0 position. *The Governor recommends \$13,885 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

Oil Spill Prevention, Administration, and Response Fund. The Department requests the enacted level of \$1.3 million from the Oil Spill Prevention, Administration, and Response Fund restricted receipts, which are derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government. The Department spent an average of \$1.0 million annually from FY 2014 to FY 2018.

The Governor recommends funding as requested. The Governor's recommendations for FY 2019 revised and FY 2020 include a number of proposals which relate to this fund. In Article 5, Section 19 of 2019-H 5151, the Governor recommends doubling the fee supporting the fund, increasing collections by an estimated \$1.5 million, and expanding the allowable uses of the fund to pay for compliance and monitoring activities for storm water management and brownfields remediation. These fees have not been raised since the inception of the fund. Additionally, Article 1, Section 17 of 2019-H 5150 would require the transfer of \$1.0 million from the fund to state general revenues.

Compliance and Inspection Staffing. The Department requests \$3.9 million or \$0.1 million less than enacted for salaries and benefits for 31.0 full-time equivalent positions for the Office of Compliance and Inspection, which is responsible for regulatory enforcement activities related to air, waste and water resources. This includes \$0.1 million more from general revenues, \$5,414 more from federal funds, and

\$0.2 million less from restricted receipts. The enacted budget assumes no turnover savings in the Office. The request includes current service adjustments consistent with Budget Office planning values and would include turnover savings equivalent to approximately one full-time equivalent position.

The Department's constrained request includes general revenue savings of \$0.1 million in the Office of Compliance and Inspection, which would be achieved by eliminating a position, though the Department did not identify which one.

The Governor recommends \$0.2 million more than requested from all sources. This includes a decrease from general revenues of \$18,324 to reflect statewide benefit adjustments offset by an increase of \$0.2 million from the Oil Spill Prevention, Administration, and Response Fund restricted receipts for 3.0 new full-time equivalent positions, which includes 2.0 environmental scientists and 1.0 programming services officer. Funding reflects these positions would be hired October 2019.

Customer and Technical Assistance Staffing. The Department requests \$1.3 million or \$0.1 million less than enacted for salaries and benefits for 13.0 full-time equivalent positions for the Office of Customer and Technical Assistance, which provides assistance to the general public, state and local governments, and the business community concerning compliance with rules, regulations, environmental standards, and the permitting process. This includes \$27,439 more from general revenues and \$0.1 million less from federal funds. The enacted budget contains turnover savings equivalent to 0.2 positions. The request includes current service adjustments consistent with Budget Office planning values and would fund 10.5 positions, which indicates turnover savings equivalent to 2.5 positions.

The Department's constrained request includes general revenue savings of \$0.4 million which would be achieved by eliminating 4.0 positions, which the Department did not identify. *The Governor recommends \$11,817 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

Waste Management Staffing. The Department requests \$4.5 million, or \$0.2 million less than enacted, for salaries and benefits for 36.0 full-time equivalent positions for the Division of Waste Management. By source, this includes \$8,084 more from general revenues, \$0.1 million less from federal funds, \$0.2 million less from restricted receipts, and \$32,115 more from other funds. The division is responsible for providing fair, comprehensive and consistent regulation of the investigation and remediation of hazardous waste and hazardous material releases. The enacted budget contains no turnover savings. The request reflects current service adjustments consistent with Budget Office planning values and would fund 35.5 positions, indicating turnover savings equivalent to 0.5 positions.

The Department's constrained request includes general revenue savings of \$0.2 million from eliminating 2.0 positions that the Department did not identify. *The Governor recommends \$1,468 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

Water Resources Staffing. The Department requests \$8.2 million, or \$0.3 million more than enacted for salaries and benefits for 69.0 full-time equivalent positions for the Office of Water Resources. By source, this includes \$0.3 million more from general revenues, \$27,465 more from federal funds, and \$10,895 less from other funds. The Office is responsible for the state's water resources that are used for recreation, habitat and commerce. The enacted budget contains turnover savings equivalent to 3.0 positions; the request includes current service adjustments consistent with Budget Office planning values and would restore turnover equivalent to 1.5 positions.

The Department's constrained request includes general revenue savings of \$0.1 million, which would be achieved by eliminating one position that the Department did not identify. *The Governor recommends*

\$45,002 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.

Other Salaries and Benefits. The Department requests \$0.3 million from general revenues or \$10,294 less than enacted for salaries and benefits to fully fund the other 2.0 full-time equivalent positions in the Bureau of Environmental Protection, which includes the office of the associate director of environmental protection. *The Governor recommends \$774 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

Rose Hill Landfill. The Department requests the enacted level of \$0.2 million from general revenues for maintenance and monitoring activities at the state's superfund site located at the former Rose Hill Landfill in South Kingstown. The Department has indicated that with the unpredictable nature of landfill gases, it is difficult to predict how much maintenance will be needed in a given year. Actual FY 2018 expenditures totaled \$0.1 million. *The Governor recommends \$10 less than requested to reflect potential savings from a statewide initiative to reduce the cost of certain commodities.*

Diesel Emissions Program. Consistent with its revised request, the Department requests \$0.5 million or \$0.3 million more than enacted from federal funds for the Diesel Emissions program. The funding source is a grant from the United States Environmental Protection Agency to continue developing grant, rebate, or low cost revolving programs to fund clean diesel projects. The request reflects carrying forward unspent funding from the last two fiscal years. The FY 2017 appropriation of \$0.2 million went completely unspent, while about half of the \$0.4 million budgeted for FY 2018 also went unspent. The Department indicates a request for proposals closed on November 12, 2018 with grantees to be selected by mid-January. *The Governor recommends funding as requested.*

Other Federal Grants. The Department requests \$4.5 million or \$0.1 million more than enacted for expenses from its remaining federal funds. The most significant alteration among the 30 grants is the removal of \$0.1 million for the strengthening regional partnerships grant to reflect its end. It has been a practice of the Department to request all available funding during budget revision, only to dramatically underspend at the end of the year. For FY 2018, the Department spent \$1.6 million, or \$3.1 million less than the final appropriation on the grants included in this item. *The Governor recommends funding as requested.*

Environmental Response Fund. Consistent with its revised request, the Department requests \$565,000 or \$0.3 million less than enacted from restricted receipts for expenses from the environmental response fund to lower expenses closer to prior spending; though the request is still considerably higher. In FY 2017 and FY 2018, \$387,241 and \$434,000 were spent on this program, respectively. The fund derives revenues from fees associated with permits for vehicles which transport hazardous materials. Applicable uses of the fund include a number of activities related to hazardous material spill response. *The Governor recommends funding as requested.*

Underground Storage Tank Reimbursement. Consistent with its revised request, the Department requests \$1.5 million or \$0.7 million less than enacted from Underground Storage Tank Reimbursement Fund restricted receipts. The purpose of the fund, which derives revenues from an environmental protection regulatory fee on motor fuel, is to facilitate the clean-up of releases from leaking underground storage tanks and underground storage-tank systems, including those located on sites in order to protect the environment, drinking water supplies, and public health. The request lowers expenses closer to actual expenditures from FY 2018 and FY 2017, \$1.3 million and \$1.1 million, respectively. *The Governor recommends funding as requested. It should be noted that the Governor's FY 2019 revised budget includes a proposal in Article 1, Section 18 of 2019-H 5150 to transfer \$1.0 million from this fund to state general revenues.*

Volkswagen Settlement. Volkswagen has agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emission tests to hide the excess pollution. As part of the settlement, states are eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other environmentally beneficial projects; the state will receive a total of \$18.5 million. The Department of Environmental Management is the designated state agency for implementation of a Beneficiary Mitigation Plan for use of \$14.4 million of the Volkswagen Settlement funds. The plan would use approximately \$10 million to replace 20 Rhode Island Public Transit Authority diesel buses with zero-emission electric buses and purchase associated charging equipment over 10 years. Other uses of the funds are \$1.5 million to expand vehicle charging stations throughout the state for personal electric cars and \$2.2 million for the administrative costs to implement these initiatives. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects” as directed by the Attorney General. The Department’s budget includes \$0.1 million in both the FY 2019 revised and the FY 2020 requests for salary and benefit costs associated with administering the funds. These funds offset a decrease from federal funds. *The Governor recommends funding as requested.*

Environmental Trust. Consistent with the FY 2019 revised request, the Department’s request excludes funding from the environmental trust of the Bureau of Environmental Protection. The enacted budget includes \$0.1 million in expenditures from the trust. Each bureau of the Department has an environmental trust account typically used for one-time revenues such as donations or grants. The Department indicates there is no funding remaining in the trust for this bureau and excludes it as a result. There have been no expenditures from the trust since FY 2017, when it was used to fund consultants and training for the Department’s lean initiative. Staff research was unable to uncover the statute governing these trusts. The Department indicated that it is not aware of an establishing statute for the trust accounts in either bureau. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.8 million or \$33,077 less than enacted from all sources for other expenses within the Bureau of Environmental Protection. By source, this includes \$16,923 more from general revenues offset by \$50,000 less from water and air protection program restricted receipts. Both adjustments reflect an effort to bring the request more in line with prior spending. *The Governor recommends funding as requested and includes \$13,226 in additional savings from general revenues based on three statewide savings initiatives designed to reduce operating costs.*

Bureau of Natural Resources

The Bureau of Natural Resources protects, manages, and restores the state’s wide array of historic parks, beaches, recreational facilities, and green spaces. The bureau includes nine divisions: Agriculture, Coastal Resources, Law Enforcement, Forestry, Fish and Wildlife, Parks and Recreation, Planning and Development, Marine Resources, and the Narragansett Bay Estuarine Research Reserve. It also includes the Department’s Warehouse and Service Center.

Executive Business Office (2.0 FTE). On January 14, 2019, the Department released the results of a study conducted by PROS Consulting Inc. and CHM Government Services which stated that declines in staffing of the Department's Parks and Recreation Division over many years has led to difficulty maintaining facilities. The solution, according to the study, is an investment to increase the self-sufficiency and economic potential of the park system, protect infrastructure, enhance programs, and bolster operations and staffing. As part of the FY 2018 budget proposal, the Governor proposed a similar investment to fund staffing and maintenance of state parks. That proposal would have created a unified merchandising brand through collaboration between the state tourism campaign and recreation advocates and derive funding from merchandise sales at state recreational areas managed by the Department. The Assembly did not concur with this proposal. *The Governor recommends the establishment of an Executive Business Office within the Department 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 from general revenues. Funding reflects these positions would be hired October 2019.

New Parks Positions (6.0 FTE). As part of the study released by the Department on January 14, 2019 conducted by PROS Consulting Inc. and CHM Government Services, a recommendation was included to increase maintenance and operations staffing of locations under the Department's purview.

The Governor recommends adding \$0.5 million in funding and authorization for 6.0 new full-time equivalent positions within the Division of Parks and Recreation. The positions include 1.0 plumber, 3.0 senior maintenance technicians, 1.0 senior civil engineer, and 1.0 administrative assistant. Funding reflects these positions would be hired October 2019. Additionally, the Governor's budget assumes revenues totaling \$1.5 million from increasing user fees at state beaches, campgrounds, and for other miscellaneous parks services. Raising fees must be done through the Department's public regulatory process and any change would need to be proposed later this winter in order to be in place for FY 2020. Beach fees were lowered to pre-2011 levels in July 2016; prior to that these fees were last raised in 2002. Current campground fees are at 2002 levels. On February 20, the Department announced increases for beach and campground fees. Under this proposal, beach fees would increase by approximately 33 percent. Additionally, 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. No information regarding the increase of miscellaneous usage fees was addressed.

Other Parks and Recreation Staffing. The Department requests \$4.7 million from general revenues or \$0.7 million more than enacted for salaries and benefits for 48.0 full-time equivalent positions in the Division of Parks and Recreation, which manages eight major state parks, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and other secondary parks, historic sites and monuments totaling approximately 14,000 acres. Subsequent to the budget submission, the Department indicated that the request unintentionally excludes \$0.1 million from general revenues as a result of a technical error. The request includes the reallocation of 4.0 positions from the Bureau of Natural Resources Administration, discussed earlier. There is turnover equivalent to 5.0 positions in the enacted budget. The proposed increase includes current service adjustments consistent with Budget Office planning values and would restore turnover equivalent to 3.5 positions, funding a total of 46.5 positions. For FY 2018, the Department overspent its staffing budget by \$0.3 million. The FY 2019 revised request provides funding for 44.5 full-time equivalent positions.

The Department's constrained request includes general revenue savings of \$0.6 million in the Division of Parks and Recreation, which would be achieved by the elimination of 6.0 unidentified positions. *The Governor recommends \$36,384 more than enacted which includes a reduction of \$46,257 to reflect statewide benefit savings offset by an increase of \$0.1 million to correct the technical error.*

Parks and Recreation Seasonal Staff. The Department requests \$3.7 million, or \$0.1 million more than enacted from general revenues for seasonal staff for the parks and recreation program. The enacted budget includes \$0.2 million to account for the annualized minimum wage increase for 2018 as well as the impending wage increase in January 2019. As with the Department's revised request, the request excludes funding for the assessed fringe benefit assessment on seasonal workers, which appears to be an error; for FY 2018, the assessed fringe benefit rate was charged on the salaries paid to seasonal workers in this program. The Department indicates the Office of Management and Budget is working with Accounts and Control to determine if this rate should be applied to these positions. If it is, it will be included in the Governor's recommendation. Adjusting to include that funding would lead to a total of \$3.9 million or \$0.2 million more than enacted based on projected staffing and overtime needs for the program. *The Governor recommends \$87,599 more than requested from general revenues to reflect the impact of the*

increase of the minimum wage from \$10.50 to \$11.10, effective January 1, 2020, proposed in Article 13 of 2019-H 5151.

Parks and Recreation Operations. The Department requests \$3.9 million from general revenues or \$0.8 million more than enacted for non-staffing expenses for its Division of Parks and Recreation. The request reflects an effort to align expenses with actual spending from FY 2018, when the program spent \$4.0 million which resulted in overspending of \$0.7 million. Additionally, \$0.2 million of the request could be attributed to funding for the cleanup of storms.

The Department also submitted a constrained request, which would reduce expenses by \$1.0 million. This would remove the requested increases and further reduce funding for grounds maintenance by \$0.3 million to a total of \$0.3 million. Actual expenditures for this maintenance were \$0.5 million in FY 2017 and \$0.7 million in FY 2018.

The Department's constrained request also includes a \$0.4 million revenue initiative, which would increase camping fees of out-of-state visitors to double that of in-state visitors.

The Governor recommends \$54,343 more than requested. This includes a decrease of \$115,142 from general revenues based on three statewide savings initiatives designed to reduce operating costs offset by \$0.2 million more for grounds maintenance.

Host Beach Communities. The Department requests the enacted level of \$0.5 million from general revenues for payments to host beach communities, consistent with the revised request. The request is also consistent with the anticipated payments to the host beach communities based on actual summer 2018 collected fees. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27 percent of all daily parking fees collected from Memorial Day to Labor Day. The 2016 General Assembly increased the percentage shared with the host communities from 16 percent to 27 percent of the daily parking fees. Total payments to the host beach communities have averaged \$0.4 million over the last five fiscal years. *The Governor recommends \$0.2 million more than enacted based on her proposal to increase beach fees noted earlier. Any increase to beach fees would lead to additional payments to the host communities.*

Administration Staffing. The Department requests \$1.6 million or \$0.7 million less than enacted for salaries and benefits for Natural Resources administration, which is responsible for the subdivisions of the Bureau of Natural Resources. The administration has 15.0 full-time equivalent positions and there is no turnover savings in the enacted budget. The request includes \$0.3 million less from general revenues, \$12,203 more from federal funds, \$0.1 million less from restricted receipts, and \$0.2 million less from other funds. The Department subsequently indicated that it was an oversight not to budget expenses from other funds, which should be similar to FY 2018 when \$71,022 was spent.

The remaining decrease reflects reallocating 4.0 positions from this program to the parks and recreation program and turnover equivalent to 2.4 positions. The positions for which the Department requests to shift allocations are a Chief of Construction Operations, a Superintendent of Property Control and Supply, an Electrician Supervisor, and a Chief Distribution Officer. These positions have a value in FY 2020 of \$460,783 and none are new or vacant; the request moves positions where they are shown. Net of the reallocation, the request is \$0.2 million less, primarily from the aforementioned other funds decrease requested in error. The request includes current service adjustments consistent with Budget Office planning values and funds 12.6 positions. *The Governor recommends \$11,563 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources. The recommendation does not include savings for statewide adjustments from other sources or restore the expenses from other sources inadvertently excluded from the request.*

Agriculture Staffing. The Department requests \$2.1 million for salaries and benefits for the 16.0 full-time equivalent positions in the Agriculture division, or \$29,561 more than enacted. The division works to sustain, promote and enhance Rhode Island's agricultural viability. This includes \$0.1 million less from federal funds offset by \$0.2 million more from general revenues. There is turnover equivalent to 0.3 positions in the enacted budget. The request includes current service adjustments consistent with Budget Office planning values and funds 15.6 positions, or essentially consistent with the enacted amount. *The Governor recommends \$12,605 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

Enforcement Staffing. The Department requests \$5.5 million or \$0.3 million more than enacted to fund the 43.0 full-time equivalent positions of the Division of Enforcement in the Bureau of Natural Resources, which is responsible for the protection of natural resources and ensuring compliance with all environmental conservation laws through law enforcement and education, while maintaining the health and safety of the public. The request reflects \$0.1 million more from general revenues, \$0.2 million more from federal funds, and \$31,057 less from restricted receipts. There is no turnover savings in the enacted budget. The request includes current service adjustments consistent with Budget Office planning values and would fund 42.0 positions.

The Department submitted a constrained request which achieves \$0.3 million in savings through the elimination of 3.0 unidentified positions. *The Governor recommends \$32,077 less than requested from general revenues to reflect statewide benefit adjustments and provides funding mostly as requested from other sources; no statewide adjustment is made to the other sources.*

Food Safety Modernization (1.0 FTE). The Department requests \$0.3 million or \$0.1 million more than enacted from federal funds and authorization for 1.0 new agriculture marketing specialist. The Department indicates the position would focus on economic development within agriculture, seafood, and local food businesses. The position would work with 2.0 other currently authorized positions under the Food Safety Modernization program transferred to the Department from the Department of Health by the 2017 Assembly, currently budgeted in the Fish and Wildlife program. The request reflects funding for the entire year; the Department's FY 2019 revised request includes funding for this position for two-thirds of the year. *The Governor recommends funding as requested.*

Fish and Wildlife Staffing. The Department requests \$6.1 million or \$0.2 million more than enacted for salaries and benefits for 49.0 full-time equivalent positions for the Division of Fish and Wildlife. By source, this includes \$0.2 million more from both general revenues and restricted receipts offset by \$0.2 million less from federal funds. The Division manages the state's marine and freshwater, and upland resources to achieve a sustained yield for commercial fishermen, recreational fishermen and hunters; to enhance non-consumptive uses of wildlife; and to protect the state's rare and endangered species. The Division maintains state-owned management areas, fishing areas, and boat ramps. There is turnover equivalent to 0.7 positions in the enacted budget. The request includes current service adjustments consistent with Budget Office planning values and appears to fund roughly 48 positions, which is essentially consistent with the enacted budget. *The Governor recommends \$10,414 less than requested from general revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.*

Forest Environment Staffing. The Department requests \$1.6 million for salaries and benefits for the 16.0 full-time equivalent positions of the Division of Forest Environment in the Bureau of Natural Resources. This includes \$0.1 million more from both general revenues and federal funds. The Division manages 40,000 acres of state-owned rural forestland. The enacted budget contains turnover equivalent to 1.0 position. The request includes current service adjustments consistent with Budget Office planning values and would fund 15.0 positions. *The Governor recommends \$13,595 less than requested from general*

revenues to reflect statewide benefit adjustments and provides funding as requested from other sources; no statewide adjustment is made to the other sources.

Local Agriculture and Seafood Grants. Consistent with the enacted budget, the Department requests \$0.1 million from general revenues for the Local Agriculture and Seafood program to promote the growth, development, and marketing of Rhode Island seafood and farm products. The grants provide economic benefits to growing companies and are aligned with the state's food sector agenda. Funding allows small businesses in the food sector to receive the grants.

The Department also submitted a constrained request, which would achieve \$0.1 million in savings through the elimination of the program. *The Governor recommends funding as enacted.*

Eisenhower House. Consistent with its revised request, the Department requests \$38,150 less than enacted from restricted receipts and the enacted level of \$50,000 from general revenues for staffing, operations, and maintenance at the Eisenhower House. The 2017 Assembly enacted Article 7 of 2017-H-5175, Substitute A, as amended, which transferred the operations of the House, including its staff and funding, to the Department of Environmental Management during FY 2017. *The Governor recommends funding as requested.*

Great Swamp Shooting Range. Consistent with its revised request, the Department requests \$1.1 million, including \$0.9 million from federal funds and \$0.3 million less than enacted from restricted receipts, for the expansion of the existing shooting range at the Great Swamp Management Area in West Kingston. Work for this project is funded through federal funds from a grant awarded from the United States Fish and Wildlife Service. The enacted budget also assumed funding from hunting license receipts would supplement the federal funding. Major construction was completed in late summer 2018; the Department notes that there are still smaller projects that need to be completed and the request reduces expenditures accordingly. *The Governor recommends funding as requested.*

Fish and Wildlife Boat. The Department requests \$0.2 million in expenditures from shellfish and marine license restricted receipts for the purchase of a boat for the Division of Fish and Wildlife. The enacted budget contains \$27,500 for large equipment purchases; the request is \$172,500 more than enacted to reflect this one-time purchase. *The Governor recommends funding as requested.*

New Federal Grants. The Department requests \$0.7 million more than enacted to reflect six federal grants not included in the enacted budget. It is common practice for departments to receive a number of federal grants throughout the year. These grants were received at various times between late 2017 through October 2018 and will fund programs to restore grassland on Block Island, protect coastal birds, and monitor the population of white-tailed deer in the state. *The Governor recommends funding as requested.*

Boating Safety Grant. The Department requests \$0.5 million, or \$0.3 million less than enacted, from its federal boating safety grant. The enacted budget assumed funding for the purchase of motor vehicles as well as construction. The Department's request removes funding for these one-time purchases and adjusts items such as state fleet and maintenance costs to reflect actual expenditures from FY 2018 and FY 2017. *The Governor recommends funding as requested.*

Comprehensive Wildlife Management Plan. Consistent with its revised request, the Department requests \$0.4 million, or \$0.2 million less than enacted, from federal funds for the comprehensive wildlife management plan. The plan assesses the health of the state's wildlife and habitats, identifies the threats they face, and outlines actions needed to conserve them over the long term. The Department spent \$0.6 million on this program in FY 2018, which was \$0.1 million less than the final appropriation. The request reflects the removal of funding for environmental services consistent with updated spending projections. *The Governor recommends funding as requested.*

Fish Hatchery Operations. The Department requests \$0.7 million or \$0.2 million more than enacted from federal funds for its fish hatchery operations grant through the United States Fish and Wildlife Service. The program spent \$0.3 million or \$0.2 million less than the final appropriation during FY 2018. The Department's FY 2019 and FY 2020 requests indicate the increase in funding will be used for plumbing repairs at the Department's hatcheries. The Division of Fish and Wildlife operates four hatcheries throughout the state. *The Governor recommends funding as requested.*

Narragansett Bay Reserve Operations. Consistent with its revised request, the Department requests \$0.6 million or \$0.3 million less than enacted from a federal grant to support research on strategies to enhance salt marsh resilience against the effects of climate change. The two-year study will be led by the Narragansett Bay National Estuarine Research Reserve, which is managed by the Department. This study is part of a national effort and will involve eight other National Estuarine Research Reserve sites across the country. The reduction aligns funding for this program closer to FY 2018 expenses, when the Department spent \$0.5 million. *The Governor recommends funding as requested.*

Other Federal Grants. The Department requests \$13.1 million or \$7,198 more than enacted for expenses from its remaining federal grants. The most significant alteration among the 46 different grants is a decrease of \$0.2 million for wildlife restoration from a United States Fish and Wildlife grant. It has been a practice of the Department to request all available funding during budget revision, only to significantly underspend at the end of the year. For FY 2018, the Department spent \$7.1 million, or \$7.4 million less than the final appropriation on the grants included in this item. *The Governor recommends funding as requested.*

Recreational Projects. The Department requests \$1.8 million or \$2.5 million less than enacted for recreational projects funded by federal funds from the Department of Transportation. Projects include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. The request brings the appropriation more in line with expected expenditures. In FY 2018, the Department spent \$0.6 million of its final \$3.1 million budget for these projects; in FY 2017, the Department spent \$0.8 million of its \$3.6 million authorization. *The Governor recommends funding as requested.*

Environmental Trust Natural Resources. The Department's request includes \$0.3 million for the environmental trust of the Bureau of Natural Resources. The enacted budget included no expenditures from the trust. Each bureau of the Department has an environmental trust account typically used for one-time revenues, such as donations or grants. Since FY 2017, the Department has accrued \$0.6 million in this trust from concessions sales, easements on Deepwater Wind cables which run through Scarborough Beach, and donations. During FY 2018, the Department spent \$0.3 million from the trust; it was used to fund repairs to bathrooms at the Burlingame campground. For FY 2020, expenditures include additional repairs and motor vehicles. Staff research was unable to uncover the statute governing these trusts. The Department indicated that it is not aware of an establishing statute for the trust accounts in either bureau. *The Governor recommends funding as requested. The budget does not address the issue of an establishing statute for this restricted receipt account.*

Fish and Game Land Acquisition and Development. Consistent with its revised request, the Department requests \$0.3 million or \$0.1 million less than enacted from fish and game land acquisition and development restricted receipts. The program spent \$13,630 and \$0.2 million in FY 2017 and FY 2018, respectively, compared to appropriations of \$0.5 million. The request would provide \$0.3 million for land acquisition, consistent with more recent Department estimates. *The Governor recommends funding as requested.*

State Forestry Fund. Consistent with its revised request, the Department requests \$79,200 or \$60,000 less than enacted for expenditures from the state forestry fund restricted receipts. The enacted budget includes \$139,200 from the fund, which derives revenues from fees for services provided by the Division of Forest Environment for the protection, enhancement, and management of the state's forest resources. The fund

can be used “to promote the science and practice of forestry in this state.” Expenditures in past years include trail improvements and environmental impact studies and have averaged \$44,196 from FY 2014 to FY 2018. The request reflects an attempt to align expenses closer to prior spending; however, the program has not spent the amount requested since FY 2014. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$9.0 million or \$4.0 million less from Rhode Island Capital Plan funds than enacted for eight capital projects. Funding will be used for repairs to state-owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee, Newport, and throughout the state, demolition of unused buildings, construction of a new office facility for the Natural Resources division in the Arcadia Management Area, and improvements to the state’s recreational facilities. The request is less than enacted to reflect revised project schedules. The Department’s request is inconsistent with its FY 2020 through FY 2024 capital request as it excludes \$0.1 million for improvements to Newport’s piers; the Department indicated this exclusion was an error. Adjusting for that, the request is \$9.1 million or \$3.8 million less than enacted from Rhode Island Capital Plan funds. *The Governor recommends \$5.7 million less than enacted to reflect changes to eight different projects.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. The revisions shift \$1.9 million for the dam repairs project from FY 2020 to later years and \$0.8 million to FY 2020 for the Galilee piers project. A more detailed analysis of the projects is included in the Capital Budget section of this publication.

World War II State Park Transition to Woonsocket. Consistent with the enacted budget, the Department requests \$250,000 from general revenues for the final year of a five-year initiative to transfer maintenance and operation of the park from the state to the City of Woonsocket following the completion of the capital project. The Department and the City of Woonsocket signed a memorandum of agreement concerning the park in December 2014 that was approved by the State Properties Committee in February 2015. The project was completed in FY 2016. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$2.0 million or \$10,500 less than enacted from all funds for other expenses in the Bureau of Natural Resources, including the operation of Department facilities located throughout the state such as the Division of Fish and Wildlife’s office in Exeter, the Division of Enforcement’s office in North Kingstown, and the Division of Forest Environment’s office in the Arcadia Management Area. The request includes \$0.9 million from general revenues and \$1.1 million from restricted receipts. Compared to the enacted budget, this is a decrease of \$2,500 from general revenues, resulting from an increase for mobile phone charges to align with FY 2018 expenditures offset by a decrease for state fleet costs, and a decrease of \$8,000 from licensing restricted receipts to reflect new estimates for work at Fort Wetherill, offset by additional funding to acquire vehicles for the Division of Fish and Wildlife. *The Governor recommends funding as requested and includes \$30,390 in additional savings from general revenues based on three separate statewide savings initiatives designed to reduce operating costs.*

Coastal Resources Management Council

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,777,250	\$ 3,865,830	\$ 4,573,805	\$ 4,068,060
Contracted Services	176,660	349,660	544,660	209,660
Subtotal	\$ 3,953,910	\$ 4,215,490	\$ 5,118,465	\$ 4,277,720
Other State Operations	169,578	473,413	188,697	188,230
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,613,936	2,688,829	288,980	288,980
Capital	731,000	1,010,000	731,000	556,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 6,468,424	\$ 8,387,732	\$ 6,327,142	\$ 5,310,930
Sources of Funds				
General Revenue	\$ 2,760,157	\$ 2,757,303	\$ 3,754,407	\$ 2,913,195
Federal Aid	2,733,267	4,376,554	1,597,735	1,597,735
Restricted Receipts	250,000	250,000	250,000	250,000
Other	725,000	1,003,875	725,000	550,000
Total	\$ 6,468,424	\$ 8,387,732	\$ 6,327,142	\$ 5,310,930
FTE Authorization	30.0	30.0	35.0	30.0

Summary. The Coastal Resources Management Council requests \$6.3 million from all sources, which is \$0.1 million less than the enacted budget, including \$1.0 million more from general revenues and \$1.1 million less from federal funds. The Council requests 35.0 full-time equivalent positions, which is 5.0 more than the enacted budget. The Council also submitted a constrained request that excludes the new positions, intends to exclude two additional positions, and removes funds for operations.

The Governor recommends \$5.3 million from all sources, which is \$1.2 million less than enacted, and no new positions. The recommendation includes \$2.9 million from general revenues which is \$0.2 million more than enacted and \$0.8 million less than requested. The recommendation includes statewide adjustments totaling \$23,479, noted in the items below where appropriate.

Target Issues. The Budget Office provided the Council with a general revenue target of \$2.7 million. The amount includes current service adjustments of \$104,126 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$0.1 million.

The Council's constrained budget is \$0.6 million above the target. The Council's constrained request appears to add funding for two positions that it intended to remove funding for instead. Adjusting for that, the constrained request is \$0.2 million above the target. *The Governor's recommendation is \$0.2 million above the target.*

FY 2020 Budget	Budget Office		CRMC	Difference		
FY 2019 Enacted	\$	2,760,157	\$	2,760,157	\$	-
Current Service Adjustments		104,126		104,126		-
New Initiatives		-		890,124		890,124
Change to FY 2019 Enacted	\$	104,126	\$	994,250	\$	890,124
FY 2020 Current Service/Unconstrained Request	\$	2,864,283	\$	3,754,407	\$	890,124
Target Reduction/Initiatives		(143,214)		(447,494)		(304,280)
FY 2020 Constrained Target/Request	\$	2,721,069	\$	3,306,913	\$	585,844
Change to FY 2019 Enacted	\$	(39,088)	\$	546,756	\$	585,844

Supervising Environmental Scientists (1.0 FTE). The Council requests \$0.1 million from general revenues for 1.0 new supervising environmental scientist full-time equivalent position for FY 2020. The supervising environmental scientist would aid in the enforcement of the Council’s management program and issue notices of violation as well as cease and desist orders for the enforcement section. The request assumes that the position would be filled for the entire fiscal year. The Council requested new positions unsuccessfully in the last four budget cycles. The 2018 Assembly did authorize an additional ocean engineer position to assist with wind energy projects.

The Council’s constrained request excludes the position. *The Governor does not recommend the position.*

Environmental Scientist (1.0 FTE). The Council requests \$0.1 million from general revenues for 1.0 new environmental scientist full-time equivalent position for FY 2020. This position has been requested for several budget cycles but not enacted. The environmental scientist would assist with permitting related to statewide regulatory policies and standards for any work in or near freshwater wetlands which were established in 2015. The request assumes that the position would be filled for the entire fiscal year.

The Council’s constrained request excludes the position. *The Governor does not recommend the position.*

Coastal Policy Analysts (2.0 FTE). The Council requests \$0.2 million from general revenues for 2.0 new coastal policy analyst full-time equivalent positions for FY 2020. The coastal policy analysts would be involved with the work on the Council’s special area management plans. The Council notes that the positions would help ensure that existing work, such as long-range policy development, is not relegated as a result of other new projects. The request assumes that the positions would be filled for the entire fiscal year. The Council has requested additional analysts for a number of years, unsuccessfully.

The Council’s constrained request excludes the positions. *The Governor does not recommend the positions.*

Senior Civil Engineer (1.0 FTE). The Council requests \$0.1 million from general revenues for 1.0 new senior civil engineer full-time equivalent position for FY 2020. It appears the engineer would not be involved with the work on reviewing wind energy projects. Like with the previous position, the Council notes that the position would help ensure that existing work is not relegated as a result of other new projects. The request assumes that the position would be filled for the entire fiscal year. The Council unsuccessfully requested new positions in the last four budget cycles; however, this one has not been requested before.

The Council’s constrained request excludes the position. *The Governor does not recommend the position.*

Other Salaries and Benefits. The Council requests \$4.0 million, or \$0.3 million more than enacted from all sources, for salaries and benefits to fund its 30.0 other full-time equivalent authorized positions. By source, this is \$0.1 million more than enacted from both general revenues and federal funds. The request appears to be overstated as the FY 2019 enacted budget fully funds 28.0 of the 30.0 authorized positions and funds the other 2.0 positions for three quarters of the year; the positions are vacant as of the pay period ending December 22, 2018. The Council’s request includes \$104,126 for general revenue current service adjustments. The remaining increase includes \$16,340 from general revenues to restore some of the

turnover included with the currently vacant positions and \$137,305 from federal funds for the impact of the statewide cost-of-living adjustments to that source, which appears overstated by approximately \$50,000.

The Council submitted a constrained request which intended to eliminate the ocean engineer position funded and authorized by the 2018 Assembly. *The Governor recommends \$0.3 million more than enacted from all sources which is \$33,039 more than requested; this includes statewide benefit adjustments of \$23,012 offset by \$56,051 more from general revenues and the requested amount of federal funds. The recommendation restores all of the turnover associated with the currently vacant positions and still appears to overstate federal funds.*

Wind Energy Legal Services. The Council requests \$0.3 million from general revenues for legal services related to wind energy projects for which the enacted budget contains no funding. The Council's FY 2019 revised request reflects three-quarters of the year at an hourly rate of \$315 for 20 hours a week. The FY 2020 request reflects a full year at that rate.

Deepwater Wind has begun planning for its Revolution Wind project, a 400-megawatt offshore wind farm with up to 50 offshore wind turbines. The wind farm will be located over 15 miles south of the Rhode Island coast in Deepwater Wind's federal lease area, located roughly midway between Block Island and Martha's Vineyard. The Council indicates legal services are needed beyond its typical services to consult on this project. Once permits are approved, construction work on Revolution Wind would begin as early as 2020, with the project in operations in 2023. *The Governor does not recommend funding either year.*

Other Legal Services. The Council requests \$0.2 million for its traditional legal services. By source this includes \$20,000 more than enacted from general revenues consistent with its revised request. The enacted budget lowered expenses by \$20,000 from general revenues based on recent experience. The request is in addition to the increased funding requested for legal services to work on wind energy projects. As of December 7, 2018, the Council has expended \$30,079 on legal services, suggesting the request may be overstated. *The Governor does not recommend funding.*

StormTools. The Council's request excludes the enacted amount of \$0.2 million from federal funds for StormTools to reflect the end of the federal grant. Developed by the Council and the University of Rhode Island, StormTools shows detailed risks and maps associated with any property in the coastal zone resulting from storm activity. The Council partners with the University of Rhode Island Environmental Data Center to host and maintain StormTools. *The Governor recommends funding as requested.*

Aquatic Invasive Species. The Council requests \$46,715 or \$27,692 more than enacted from federal funds for the aquatic invasive species management program. Funding reflects the expected award amount and will be used to continue the coordination and communication of early detection and response strategies to prevent the spread of aquatic invasive species. *The Governor recommends funding as requested.*

Quonochontaug Resiliency. The Council requests \$40,000, or \$0.9 million less than enacted, from federal funds to continue to restore 30 acres of degraded salt marsh in Quonochontaug Pond in Charlestown and Westerly. Funding was awarded in August of 2017 from the National Oceanic and Atmospheric Administration and included in the FY 2018 final budget. The project was delayed but began in December 2018 and should be completed during FY 2020. *The Governor recommends funding as requested.*

Ninigret Pond Breachway Maintenance. The Council's request excludes the enacted amount of \$4,488 from federal funds to reflect the completion of a project to maintain the breachways and enhance the salt marsh of Ninigret Pond. This project was formerly part of the Council's capital plan, as the South Coast Restoration Project. In FY 2018, the Council spent \$0.7 million of its \$1.9 million appropriation on this work; the balance is requested in the Council's FY 2019 revised request as it expects to expend the remaining funding that year. *The Governor recommends funding as requested.*

Shoreline Change (Beach) Special Area Management Plan. The Council’s request excludes the enacted amount of \$0.1 million from federal funds for the beach special area management plan to reflect the end of the grant. The Council indicates that this plan supports the goals and objectives of Governor Raimondo’s Executive Order 17-10 “Action Plan to Stand up to Climate Change” signed on September 15, 2017. The Council will provide technical support to state and municipal staff and other decision makers to apply planning guidance and decision making tools to enhance the resiliency of Rhode Island communities from coastal hazards. *The Governor recommends funding as requested.*

Other Federal Grants. The Council’s request excludes \$0.2 million from federal funds in the enacted budget to reflect the end of grants in FY 2018 and FY 2019. The Council’s FY 2019 revised request removes funding for three grants; the FY 2020 request removes funding for two additional grants. The Council indicates there are currently five potential new grant opportunities it is seeking. *The Governor recommends funding as requested.*

Capital Projects. The Council requests the enacted level of \$1.0 million, including \$0.7 million from Rhode Island Capital Plan funds and \$0.3 million from restricted receipts, for capital projects. The Council’s FY 2020 request is consistent with its capital request but not the approved plan. Like with the capital request, the Council indicates the request should match the approved plan. The intended request includes \$50,000 to finish the Narragansett Bay Special Area Management Plan and \$0.5 million to continue the Rhode Island Coastal Storm Risk Study. *The Governor recommends \$0.2 million less than requested, including \$50,000 more for the Beach Special Area Management Plan likely done in error based on the Council’s inadvertent inclusion of this project which is complete.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. The revisions remove the funding included in error. A more detailed analysis of the projects is included in the Capital Budget section of this publication.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Council’s share of centralized services, the request includes the enacted amount of \$17,366 from general revenues for information technology services. This is \$1,953 more than was charged in FY 2018. *The Governor recommends funding as requested.*

Other Operations. The Council requests \$0.2 million, or \$29,558 more than enacted from federal funds for operational expenses. The request includes the enacted amount of \$17,215 from general revenues and \$214,041 from federal funds. The federal funds are part of a grant from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The request better reflects actual spending from FY 2018. The most notable change is the removal of funding for state fleet costs, for which the Council was charged \$27,113 in FY 2018. The Council indicates this exclusion was an oversight and the request should include approximately \$30,000. *The Governor recommends funding as requested and includes \$467 in additional general revenue savings based on two statewide savings initiatives designed to reduce operating costs.*

Department of Transportation

	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Expenditures by Program				
Central Management	\$ 11,244,350	\$ 13,594,996	\$ 14,184,843	\$ 13,683,732
Management and Budget	5,822,202	2,395,574	2,655,606	2,353,268
Infrastructure Program	573,954,579	616,383,128	583,221,971	613,443,461
Total	\$ 591,021,131	\$ 632,373,698	\$ 600,062,420	\$ 629,480,461
Expenditures by Category				
Salaries and Benefits	\$ 87,593,075	\$ 86,708,505	\$ 79,335,643	\$ 94,207,076
Contracted Services	41,590,550	44,811,840	49,246,914	42,295,663
Subtotal	\$ 129,183,625	\$ 131,520,345	\$ 128,582,557	\$ 136,502,739
Other State Operations	42,986,941	47,552,807	48,387,862	50,131,710
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	23,384,569	19,360,876	23,384,569	18,997,976
Capital	255,154,126	288,897,056	261,010,417	276,950,506
Capital Debt Service	-	315,050	315,050	315,050
Operating Transfers	140,311,870	144,727,564	138,381,965	146,582,480
Total	\$ 591,021,131	\$ 632,373,698	\$ 600,062,420	\$ 629,480,461
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	299,540,160	324,513,786	314,733,475	327,008,399
Restricted Receipts	3,034,406	3,006,725	3,024,447	3,007,550
Other	288,446,565	304,853,187	282,304,498	299,464,512
Total	\$ 591,021,131	\$ 632,373,698	\$ 600,062,420	\$ 629,480,461
FTE Authorization	755.0	755.0	755.6	785.0

Summary. The Department of Transportation requests FY 2020 expenditures of \$600.1 million from all sources, \$9.0 million more than enacted. This includes \$15.2 million more from federal funds, \$9,599 less from restricted receipts and \$6.1 million less from other funds, of which \$16.0 million is from toll revenue. The Department requests 755.6 full-time equivalent positions, 0.6 positions more than enacted and consistent with the revised request.

The Governor recommends \$629.5 million from all sources, \$29.4 million more than requested based on expenditures delayed from FY 2019. She recommends an additional 30.0 new positions for FY 2020 staffing of 785.0 full-time equivalent positions.

The Governor proposes legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation's current share of the Highway Maintenance Account for FY 2020. It also requires that the Department reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of motor vehicles fees that are currently going into the Highway Maintenance Account. The Governor also proposes changes to the disposition of the gasoline tax to provide the Authority with an additional half cent.

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. The multi-year appropriation section of Article 1 had assumed \$1.5 million each for FY 2021 and FY 2022 for Salt Storage Facilities, these amounts are reduced to \$1.0 million annually. The multi-year appropriation section of Article 1 had also assumed \$32.5 million each for FY 2023 and FY 2024 for the Highway Improvement Program, these amounts are reduced to \$27.2 million annually.

Target Issues. The Department does not receive general revenue funding and was not required to meet a target reduction set by the State Budget Office; however, based on anticipated resources from gasoline tax proceeds and transportation related fees and surcharges collected by the Division of Motor Vehicles, it was provided with a target of \$208.5 million or \$6.1 million more than enacted. This reflects the transfer of all fees collected by the Division of Motor Vehicles, pursuant to current law and an additional \$0.01 cent for the gasoline tax based on changes in the Consumer Price Index, commonly referred to as inflation.

FY 2020 Budget	Department of		
	Budget Office	Transportation	Difference
FY 2019 Enacted	\$ 202,325,968	\$ 202,325,968	\$ -
Current Service Adjustments	3,057,937	4,930,082	1,872,145
New Initiatives	3,070,095	5,059,945	1,989,850
Change to FY 2019 Enacted	\$ 6,128,032	\$ 9,990,027	\$ 3,861,995
FY 2020 Current Service/Unconstrained Request	\$ 208,454,000	\$ 212,315,995	\$ 3,861,995
Target Reduction/Initiatives	-	-	-
FY 2020 Constrained Target/Request	\$ 208,454,000	\$ 212,315,995	\$ 3,861,995
<i>Change to FY 2019 Enacted</i>	\$ 6,128,032	\$ 9,990,027	\$ 3,861,995

The request is \$3.9 million above the target, including \$1.0 million more each for centralized services and professional legal services relating to the tolling program. Though the Department assumed a lower gasoline tax yield per penny, it did not adjust expenditures to the appropriate entities to reflect that, thereby overstating expenditures. The recommended budget is \$24.6 million above the target, reflective of an upward revision to the gasoline tax yield estimate and shifting FY 2019 expenditures to FY 2020.

Transportation Funding Reform

Transportation funding on the state and national levels began to pose greater problems to governments as the cost of maintaining and replacing infrastructure outpaced the revenue sources historically used to support them. Rhode Island's transportation funding plan relied heavily on debt and federal funds. Additionally, the state's gas tax was the primary source to repay debt costs, with the remainder available for all maintenance activities, including winter operations and highway preservation.

The state's transportation funding is affected by its reliance on the gasoline tax and the revenue it yields. The FY 2019 gas tax is 34.0 cents, with 33.5 cents of that going towards transportation. The Department currently receives 19.25 cents of the tax, with 2 cents automatically dedicated to debt service for Motor Fuel Tax Revenue bonds that were issued in 2003.

As the following table illustrates, the per penny gasoline tax yield and the total funding available to the Department has steadily declined. Even with the transfer of one additional penny in FY 2010, available funding through FY 2013 had decreased \$10.3 million, or approximately 10 percent. The per penny yield increased in FY 2014 for the first time in several years.

Fiscal Year	Per Penny Yield	Pennies	DOT Share
2005	\$ 4,834,986	20.75	\$ 100,325,960
2006	\$ 4,805,619	20.75	\$ 99,716,594
2007	\$ 4,707,603	20.75	\$ 97,682,762
2008	\$ 4,513,744	20.75	\$ 93,660,188
2009	\$ 4,327,710	20.75	\$ 89,799,983
2010*	\$ 4,289,568	21.75	\$ 93,298,104
2011	\$ 4,210,324	21.75	\$ 91,574,547
2012	\$ 4,205,959	21.75	\$ 91,479,608
2013	\$ 4,137,712	21.75	\$ 89,995,236
2014	\$ 4,236,402	21.75	\$ 92,141,744
2015**	\$ 4,396,313	19.25	\$ 84,629,025
2016	\$ 4,479,185	19.25	\$ 86,224,311
2017	\$ 4,417,413	19.25	\$ 85,035,200
2018	\$ 4,493,241	19.25	\$ 86,494,889

*1 cent transferred from General Fund to DOT

**3.5 cents transferred from DOT to Turnpike and Bridge Authority

Although declining gasoline tax revenue is a contributing factor to stagnant transportation funding, there were also other problems affecting Rhode Island. Beginning in 2011, the Assembly identified and addressed two of the major issues affecting the Department of Transportation: over reliance on debt and a limited amount of funding sources. In order to increase the amount of revenue for use by the Department, the state moved from its traditional financing model for matching federal funds to a pay-go model by establishing motor vehicle fee surcharges that would be transferred to a highway maintenance account for use as a portion of the state’s match. These funds, combined with Rhode Island Capital Plan funds, now provide the approximate \$40 million of annual match for federal funds, which was historically generated through borrowing. No new borrowing was necessary in November 2012 for this match. All previously approved bonds have been issued and beyond that, the Department’s state match will be entirely pay-go.

The 2014 Assembly made several additional changes to transportation funding in order to address concerns regarding the use of tolls, gasoline tax and Division of Motor Vehicles fees, while meeting the infrastructure needs of the state. The most recent changes to transportation funding were a culmination of efforts, which began when the 2013 Assembly created the Joint Commission to Study Transportation Funding. The Commission met from September through December of 2013 and submitted its findings in January of 2014. During the 2014 session, both chambers of the Assembly proposed legislation that combined many elements discussed during the Commission meetings, including changes to funding sources and the governance of statewide transportation.

The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, to transfer new revenue sources, as well as existing general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs to highways, roads and bridges.

New sources include an increase in the inspection fee from \$39 to \$55 and the addition of a \$25 surcharge to the good driving dismissal fee. The article also established a schedule to transfer the majority of other transportation related fees that were previously deposited as general revenues. Inspection fees and good driver dismissals were transferred beginning in FY 2015, and the remaining revenues were transferred incrementally, beginning with 25.0 percent in FY 2016, 75.0 percent in FY 2017 and all in FY 2018. The 2017 Assembly also amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018.

The 2018 Assembly concurred with the Governor’s proposal to alter the transfer to the Highway

Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

The 2014 legislation also indexed the gasoline tax to the Consumer Price Index every other year, rounded to the nearest cent. Additional sources include the utilization of \$25 million of unallocated bond proceeds to bridge the funding gap that occurs as the fee transfers from general revenues are phased in. The proceeds are from previously authorized general obligation bonds that date back to before FY 2000, but had not been programmed by the Department. These were revealed following a FY 2014 review of bond proceeds as their use as federal match was ending. Additional Rhode Island Capital Plan funds were allocated to stabilize the annual funding.

The Assembly also transferred 3.5 cents of gasoline tax proceeds to the Turnpike and Bridge Authority to be used in lieu of tolls that would have been used for operations and maintenance of the Sakonnet River Bridge. The Authority will also maintain ownership of the four bridges it currently operates. The legislation also transferred 5.0 percent of funding from the surcharges enacted in 2011 and motor vehicle fees to the Public Transit Authority to support its operations beginning in FY 2016. This amount was initially projected to be approximately \$2.7 million in FY 2016 and grow with increasing amounts of revenue into the fund.

The state also reduced the amount of debt service paid by the Department through the targeted use of general revenues in lieu of gasoline tax revenues, as well as the restructuring of debt in order to adjust the upcoming debt service payments to a more consistent amount. As part of the debt restructuring, \$9.3 million of general revenues was used to pay a portion of the Department's debt service in FY 2014. For each year thereafter, the amount of general revenues used for this purpose was to be increased in \$10 million increments until FY 2018.

The 2014 Assembly shifted debt service expenditures from general revenues to funds available in the Highway Maintenance Account. This was part of the plan to align spending on transportation related costs with revenue raised from transportation sources. The remaining debt service from the Department's general obligation bonds are shown in the following table.

Fiscal Year	Outstanding Debt Service	Build America		
		Bonds Reimbursement	Restructuring Savings	Debt Service
2015	\$ 54,580,237	\$ (1,870,830)	\$ (6,630,740)	\$ 46,078,667
2016	\$ 50,237,900	\$ (1,870,830)	\$ 393,114	\$ 48,760,184
2017	\$ 49,933,531	\$ (1,870,830)	\$ 254,612	\$ 48,317,313
2018	\$ 41,392,238	\$ (1,870,830)	\$ 227,605	\$ 39,749,013
2019	\$ 40,396,506	\$ (1,870,830)	\$ 183,245	\$ 38,708,921
2020	\$ 36,445,414	\$ (1,870,830)	\$ (12,936)	\$ 34,561,648
2021	\$ 43,706,060	\$ (1,870,830)	\$ (114,505)	\$ 41,720,725
2022	\$ 39,758,229	\$ (1,870,830)	\$ (136,997)	\$ 37,750,402
2023	\$ 38,969,053	\$ (1,870,830)	\$ (135,396)	\$ 36,962,827
2024	\$ 34,172,285	\$ (1,870,830)	\$ 82,795	\$ 32,384,250
2025	\$ 31,042,260	\$ (1,870,830)	\$ (332,024)	\$ 28,839,406
2026	\$ 30,881,740	\$ (1,870,830)	\$ (857,883)	\$ 28,153,027
2027	\$ 27,331,961	\$ (958,514)	\$ (1,422,286)	\$ 24,951,161
2028	\$ 25,529,306	\$ (730,480)	\$ (1,960,404)	\$ 22,838,422
2029	\$ 18,763,869	\$ (494,898)	\$ (1,860,590)	\$ 16,408,381
2030	\$ 18,515,394	\$ (251,496)	\$ (1,860,132)	\$ 16,403,766
2031	\$ 8,726,730	\$ -	\$ (1,860,270)	\$ 6,866,460
2032	\$ 8,724,622	\$ -	\$ (1,860,268)	\$ 6,864,354
2033	\$ 1,604,852	\$ -	\$ 1,450,998	\$ 3,055,850
2034	\$ 481,456	\$ -	\$ 1,090,761	\$ 1,572,217

At the end of May 2015, Governor Raimondo requested an amendment to her budget to permit the collection of tolls on large commercial trucks and authorize \$900 million of borrowing in order to provide \$700 million to partially fund the routes 6/10 connector project. Her plan was to ensure the number of structurally deficient bridges would be reduced to less than 10 percent in the next decade. The Rhode Island Turnpike and Bridge Authority would issue the debt. The House Finance Committee considered this proposal on June 2, 2015, but did not incorporate it into the FY 2016 budget.

Separate bills containing a revised proposal were introduced on June 16 and 18 in the Senate and House, respectively. The revised proposal reduced the borrowing total, incorporated a restructuring of previous debt as well as certain economic incentives for Rhode Island businesses. The House Finance Committee heard 2015-H 6321 on June 22 but took no further action. The House recessed its session on June 25. The Senate adopted a version of that legislation in 2015-S 997, Substitute A.

In October 2015, the Department proposed its ten-year Transportation Improvement Program, reflective of its capital budget. The program included \$500 million of borrowing matched by \$400 million of federal funds for the routes 6/10 connector project.

The Assembly adopted new RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation allows the Department to borrow \$300.0 million through the Grant Anticipation Revenue Vehicle Program and refinance existing GARVEE debt. The legislation adopted by the Assembly does not include any bonds backed by toll revenue.

Fund Sources

The Department of Transportation receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds had been historically used as the state's match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and funding derived from the sale of department-owned land. This analysis will explain the individual fund sources as well as expenditures from these sources.

The following table illustrates the fund sources for FY 2020.

Source	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Federal Highway Admin. Funds	\$ 201,621,097	\$ 205,745,081	\$ 205,774,370	\$ 205,490,269
Other Federal Funds	97,919,063	118,768,705	108,959,105	121,518,130
Gasoline Tax*	105,318,730	110,539,185	115,308,757	108,523,213
Toll Revenue	41,000,000	7,000,000	25,000,000	25,000,000
Land Sale Revenue	1,147,815	4,865,012	1,115,721	1,095,391
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	41,822,782	50,160,032	41,822,782	38,111,346
Restricted Receipts	3,034,406	3,006,725	3,024,447	3,007,550
Motor Vehicle Fee Transfer	97,007,238	130,688,958	97,007,238	124,684,562
Public Utilities Access Permit Fee	500,000	50,000	500,000	500,000
Other Funds	150,000	50,000	50,000	50,000
Total	\$ 591,021,131	\$ 632,373,698	\$ 600,062,420	\$ 629,480,461

*Excludes gas tax debt service for DOT, RIPTA & costs for centralized services & consolidated initiatives in DOA

Federal Funds - Highway Administration. On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this

authorization, the state would receive an average of \$231 million annually from the Federal Highway Administration. This is approximately \$21 million more through federal fiscal year 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law.

The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital and operating budgets. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program.

The previous federal authorization, the Moving Ahead for Progress in the 21st Century Act (MAP-21), for highway and transit programs was set to expire on September 30, 2014. Before the expiration, Congress provided a short-term fix in July 2014 by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customer users' fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continued to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress then extended the deadline for two additional months.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and established priorities for planning, design, and project implementation.

In October 2015, the Department proposed its 10-year plan for federal FY 2016 through FY 2025, which has since been adopted. Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. The Department noted that two states have moved to establish 10-year plans: New Jersey and North Carolina. Federal regulations requires that the first four years of the plan must be fiscally constrained, whereby the projects in the plan may not exceed the anticipated funding that is reasonably expected to be available over the four-year timeframe.

Annually the Department will propose changes to the plan, to make sure that projects are "appropriately coordinated, that communities and constituents can have annual inputs." Solicitation for inputs were due August 11, 2017 for the federal FY 2018 through FY 2027 period. This plan was adopted on December 14, 2017. Since then, ten amendments were added to it; these changes were minor in nature and were classified as administrative.

On January 25, 2019, the Department requested major revisions to the adopted plan, classified as Amendment #11. The amendment "significantly redistribute funding to projects to cover increased construction costs, funding reductions, and align the program with Bridge and Pavement asset management priorities." The Transportation Advisory Commission will be conducting two public hearings in the end of February to accept public comments on the proposed amendment. Once the amendment is approved by the Committee, it will be sent to the Governor's Office for concurrence and then it will be submitted to the Federal Highway Administration and the Federal Transit Administration for final approval.

Subsequently, the Department was awarded a new \$70 million federal grant and on February 21, it submitted a request rescinding proposed changes included in the amendment. The Department will be

reviewing its capital program and at a later date, another amendment will be requested to revise project funding and schedule.

The following table illustrates the proportion of funding allotted to each program area in the FY 2020 budget. It excludes salary and benefit costs.

Program Area	FY 2020 Recommended	Share of Total
Administrative Program	5,922,224	3.3%
Bike/Pedestrian Program	5,417,465	3.0%
Bridge Program	24,933,804	13.8%
CMAQ Program	5,398,046	3.0%
Highway Program	15,248,019	8.5%
Interstate Program	9,908,843	5.5%
GARVEE Projects	27,187,598	15.1%
Federal Highway Earmark Projects	18,026,136	10.0%
Pavement Management Program	16,929,726	9.4%
Traffic Safety Program	19,145,855	10.6%
Transit	27,039,204	15.0%
Other Programs	5,104,443	2.8%
Total	\$ 180,261,363	100%

Other Federal Funds. This source is the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. The Department’s FY 2020 request includes \$109.0 million from these funds, which is \$11.0 million more than enacted. This includes \$21.5 million federal discretionary grants received for two projects. These funds are understated by \$10.1 million, the amount that the Department indicates was inadvertently omitted for salaries and benefits.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The approved rate for federal FY 2017 and FY 2018 was 112.57 percent. The Federal Highway Administration has authorized an indirect cost recovery rate of 109.0 percent for federal FY 2019. Though the rate for FY 2019 is lower than FY 2018, the Department indicates that it has not adjusted its assumptions from the approximately 90 percent rate used in its budgets in five years based on its tendency to underspend federal funds.

The Governor recommends \$12.6 million more than requested to correct for understated expenditures and adjusts expenditures to reflect an updated indirect cost recovery rate.

General Obligation Bond Proceeds. The state utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue bonds’ debt service is paid by \$0.02 cents of the gasoline tax. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. As noted previously, an initiative by the 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not assume new general obligation bond borrowing for the Department.*

Toll Revenue. The Department refers to its 10-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges.

The Assembly adopted the RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation authorizes tolling on large commercial vehicles. Pursuant to the legislation, the total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts is not to exceed \$20. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40. Tolls will be collected along six major highway corridors at 14 locations. The Department has contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The FY 2018 final budget assumes revenue of \$4.0 million based on two gantries being operational in late 2017. The two gantries became operational in June 2018 and the Department reported receipts of \$0.4 million.

The FY 2019 enacted budget included revenues of \$41.0 million based on all gantries being operational. The revised budget includes net toll receipts of \$7.0 million, or \$34.0 million less. The Department indicates that in August 2018, it concluded and submitted the environmental assessment impacts for the remaining gantries and is awaiting a decision from the Federal Highway Administration. The revised estimate is based on the two current gantries being in operation for the entire fiscal year, as well as the Oxford Bridge in Providence and Plainfield Pike in Cranston being operational in late June 2019.

The FY 2020 budget assumes receipts of \$29.3 million from 12 gantries, with four in operations for 12 months, one for ten months, two for nine months, one each for eight, six, four, three and one months. It assumes operating costs of \$3.5 million for net revenues of \$25.8 million. *The Governor concurs.*

Land Sale Revenue. Sales of Department owned land can be used to purchase land and equipment or to offset operating costs throughout the Department, including personnel expenses. The request includes \$2.5 million from this source, \$0.1 million less than enacted. *The Governor concurs.*

Interstate 195 Land Sales. Consistent with the enacted budget, the Department assumed use of \$1.5 million in FY 2020 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. *The Governor concurs.*

Rhode Island Capital Plan Funds. These funds are appropriated according to the Department's capital budget request and appear as other funds in the Department's operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. The request includes the enacted amount of \$41.8 million from Rhode Island Capital Plan funds, which is \$5.2 million more than the approved plan. *The Governor recommends \$3.7 million less than requested.*

Restricted Receipts. This source includes funds the Department receives when it performs work for municipalities and other entities and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$2.8 million to the Department, which is \$0.3 million less than enacted, based on projected work for FY 2020. *The Governor concurs.*

Motor Vehicle Fees. The request includes \$97.0 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This reflects the transfer of all fees collected by the Division of Motor Vehicles, pursuant to current law.

Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10 surcharge on biennial vehicle registrations, a \$5 surcharge on annual vehicle registrations and a \$10 surcharge on operator licenses, purchased on a five-year basis. The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5,000 increments to a total of \$15, and the license surcharge increased in \$10 increments to a total of \$30 beginning in FY 2014 and ending in FY 2016.

The following table summarizes the incremental fee increases:

Fiscal Year	Biennial Registration Fee	Annual Registration Fee	License Fee
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

These fees are transferred to the Department for use as a portion of the state match for federal funds. The table below shows actual revenue derived from the surcharges through FY 2018 and the estimates for FY 2019 and FY 2020.

Fiscal Year	Biennial Registrations	Annual Registrations	Licenses	Total
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 10,557,994	\$ 3,905,012	\$ 6,978,578	\$ 21,441,584
2017	\$ 10,653,395	\$ 3,940,297	\$ 4,773,270	\$ 19,366,962
2018	\$ 10,380,521	\$ 3,839,371	\$ 4,957,571	\$ 19,177,463
2019	\$ 10,769,527	\$ 3,983,250	\$ 4,603,151	\$ 19,355,928
2020	\$ 10,769,527	\$ 3,983,250	\$ 4,603,151	\$ 19,355,928

The 2016 Assembly adopted legislation to establish a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes, effective for FY 2018. Annual registration costs would be reduced on a sliding scale from a 26.0 percent reduction for vehicles at lower weights to a 50.0 percent reduction in annual registration costs for vehicles weighing 26,000 pounds or more. The estimated loss of revenue was \$4.2 million; however, the 2017 Assembly repealed the legislation prior to it taking effect.

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are transferred to the Department. The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs of highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. The inspection fee, the good driver dismissal surcharge and car rental surcharges were transferred as of FY

2015, and the remaining revenues were transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The 2017 Assembly also amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Rhode Island Public Transit Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the current share of 5.0 percent that the Authority receives under current law. The 2018 Assembly concurred with the Governor's proposal to further alter the transfer to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019, and after, would be transferred to the account.

The following table shows the source and the total, including surcharges, explained previously.

Source	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Inspection Sticker Increase	\$ 11,605,178	\$ 11,605,178	\$ 11,605,178	\$ 11,605,178
Title Fees	10,742,547	10,742,547	10,742,547	10,742,547
Rental Car Surcharge	3,266,302	3,266,302	3,266,302	3,266,302
Good Driving Surcharge	492,101	492,101	492,101	492,101
License and Registration Transfer	51,545,182	51,545,182	51,545,182	51,545,182
Subtotal	\$ 77,651,310	\$ 77,651,310	\$ 77,651,310	\$ 77,651,310
Surcharges	19,355,928	19,355,928	19,355,928	19,355,928
Total	\$ 97,007,238	\$ 97,007,238	\$ 97,007,238	\$ 97,007,238

Does not include carry-forward funds

The Governor proposes legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation's current share of the Highway Maintenance Account for FY 2020. It requires that the Department reimburse the Division of Motor Vehicles for the salary and benefit costs of certain employees involved in the collection of motor vehicles fees that are currently going into the account. Additionally, Article 1 of 2019-H 5151 requires the Department spent \$550,000 of highway maintenance funds on two specific projects. The combined impact of these changes is shown in the following table.

	Current Law	Governor's Proposals	Difference
Gasoline Tax			
DOT - Share of Gas Tax (in cents)	20.25	19.75	-0.50
RIPTA - Share of Gas Tax (in cents)	9.75	10.25	0.50
Department of Transportation	\$ 91,936,357	\$ 89,666,323	\$ (2,270,034)
RI Public Transit Authority	44,265,653	46,535,687	2,270,034
Total Gas Tax	\$ 136,202,010	\$ 136,202,010	\$ -
Highway Maintenance Account			
RI Public Transit Authority	\$ 4,850,362	\$ 9,850,362	\$ 5,000,000
Bicycle Path Projects	-	400,000	400,000
Welcome Center Improvements	-	150,000	150,000
DMV Personnel	-	4,534,968	4,534,968
Department of Transportation	92,156,876	82,071,908	(10,084,968)
Total HMA	\$ 97,007,238	\$ 97,007,238	\$ -
DOT Total	\$ 184,093,233	\$ 171,738,231	\$ (12,355,002)
RIPTA Total	\$ 49,116,015	\$ 56,386,049	\$ 7,270,034

Public Utilities Access Permit Fee. The request includes the enacted amount of \$0.5 million in receipts charged to utility companies for accessing the Department's rights-of-way. This would be implemented

through rules and regulations and was included in the enacted budget based on the Governor's recommendation. The Department has not updated its rules and regulations to reflect this. *The Governor concurs. The revised budget assumes an implementation date in June 2019.*

Other Funds. These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank, and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The request includes \$226,000 from these sources, consistent with the revised request. *The Governor concurs.*

Gasoline Tax Proceeds. The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation. The FY 2020 budget also reflects an increase in the gasoline tax by one cent, for a total of 35 cents. The additional 1 cent includes the inflation calculation estimate and will provide the Department with \$4.4 million in resources. The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
Department of Transportation	19.25	19.25	20.25	19.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	10.25
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
Total (in cents)	34.0	34.0	35.0	35.0

The Governor proposes legislation in Article 8 requiring that half of the FY 2020 increase be dedicated to the Rhode Island Public Transit Authority; increasing the Authority's share to 10.25 cents of the gas tax.

The following table shows how the New England states rank.

As of 10/01/2018	Tax - Cents per gallon	
	Gas	Diesel
Rhode Island¹	34.0	34.0
Connecticut	43.5	43.9
Maine	30.0	31.2
Massachusetts ²	26.5	26.5
New Hampshire	23.8	23.8
Vermont	31.8	32.0
New England Average	31.6	31.9
U.S. Average	34.2	36.3

Source: American Petroleum Institute includes state surcharges

¹Increased 1 cpg on 7/1/15

²Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority, the Rhode

Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program.

The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the FY 2020 budget.

Non Federal Sources	FY 2019 Enacted	FY 2019 Revised	FY 2020 Request	FY 2020 Recommended
<i>Gas Tax Yield per Cent</i>	4.474	4.521	4.450	4.540
<i>RIDOT Cents</i>	19.25	19.25	20.25	19.75
<i>RIPTA Cents</i>	9.75	9.75	9.75	10.25
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
Transportation Revenues				
Balance Forward	\$ 2,309,763	\$ 82,134,155	\$ 2,580,394	\$ 18,945,860
Gas Tax	145,419,788	154,869,106	149,062,371	152,092,245
Motor Vehicles Fees, Surcharges & Transfer	97,007,238	97,007,238	97,007,238	97,007,238
Toll Revenue	41,000,000	7,000,000	25,000,000	25,000,000
Surplus Property & Outdoor Advertising	150,000	226,000	226,000	226,000
Restricted Receipts	3,034,406	2,936,595	2,760,399	2,760,399
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Land Sales	2,647,815	3,000,000	2,500,000	2,500,000
Public Utilities Access Permit Fee	500,000	50,000	500,000	500,000
Rhode Island Capital Plan Funds	41,822,782	50,160,032	41,822,782	38,111,346
Total Revenues	\$ 335,391,792	\$ 398,883,126	\$ 322,959,184	\$ 338,643,088
Transportation Expenses				
Pay-go/Capital	\$ 113,615,197	\$ 140,988,759	\$ 97,042,656	\$ 106,319,980
Winter Maintenance	19,937,665	20,842,385	21,203,626	21,203,626
Vehicles & Maintenance	12,102,177	20,678,356	14,116,097	14,060,946
General Maintenance	37,771,844	41,569,377	45,189,759	46,933,548
Other Operations	17,188,193	15,224,025	17,290,634	15,723,511
GARVEE Bond Debt Service	8,948,910	9,542,489	8,948,910	9,080,134
G.O. Debt Service*	38,601,448	38,280,060	36,619,314	34,748,484
State Match - Gas Tax	976,436	2,411,091	2,668,672	2,562,348
Internal Service Funds Transparency*	1,786,946	1,441,165	1,496,297	1,593,444
Restricted Receipts	3,034,406	3,006,725	3,024,447	3,007,550
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Land Sales	1,147,815	4,865,012	1,115,721	1,095,391
Surplus Property & Outdoor Advertising	150,000	50,000	50,000	50,000
Equipment Replacement	1,500,000	1,500,000	1,500,000	1,500,000
Facilities	4,471,436	5,164,815	4,471,436	4,160,000
RIPTA - Gas Tax	43,625,937	46,323,289	43,625,937	46,464,336
RIPTA - Highway Account - 5 Percent**	9,850,362	9,850,362	7,920,457	12,920,457
Turnpike and Bridge Authority	15,660,593	16,699,356	15,660,593	15,890,235
Division of Motor Vehicles***	-	-	-	4,534,968
Total Expenditures	\$ 331,869,365	\$ 379,937,266	\$ 323,444,556	\$ 343,348,958
Surplus/Deficit	\$ 3,522,427	\$ 18,945,860	\$ (485,373)	\$ (4,705,871)

*Shown in the Department of Administration's budget

**In addition to 5.0%, will receive \$5.0 million in each FY 2018 & FY 2019; extended in FY 2020 recommended budget

***Expenses in the Department of Revenue's budget

The request assumes a per penny yield of \$4.450 million, which is \$24,832 less than assumed in the enacted budget. The recommended budget uses a per penny yield of \$4.540 million, \$65,612 more than enacted.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and

human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The Department requests \$5.4 million from all sources for centralized services, \$1.0 million more than enacted. Consistent with the FY 2019 revised budget, the Department indicates that it intended to request a \$0.5 million increase. This would bring the request to \$4.9 million. The Department indicates that the additional funds will be used to support four new positions, two each in the Division of Information Technology and Human Resources, to help expedite hiring for the Department. It should be noted that the Department of Administration indicates that it has not received any information from the Department regarding the request for additional staff.

The Governor recommends \$5,352 less from gasoline tax than requested, including \$5,500 more for facilities management based on billings through December and \$10,852 for information technology services based on billings through November. The recommended budget does include an additional 18.0 new positions in the Department of Administration to support centralized functions; however, it does not appear that any of them would be specifically dedicated to transportation related projects.

Construction and Project Management (20.0 New FTE). The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900 requiring the Department to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion. Since then, staffing authorization within the Department has increased from 752.6 full-time equivalent positions to 775.0 positions. The Department has averaged nearly 100 vacancies in the last three fiscal years.

The Governor recommends \$1.8 million to fund 20.0 new full-time equivalent positions, including 13.0 engineering technicians, 2.0 principal civil engineers, a senior civil engineer, a project manager, a supervisor of materials standards and compliance, a managing engineer, and a construction management resident. The enacted budget contains authorization for 227.0 positions with the aforementioned titles; it appears that 20.0 of them are vacant as of February 2, 2019.

Maintenance (7.0 New FTE). The Maintenance Division is responsible for the maintenance of over 1,100 miles of state highways, 778 bridges, including winter operations, safety and civil defense maintenance, litter control, sweeping, mowing, roadside repairs, drainage system cleaning and repair, and weed control. The Division is responsible for inspecting bridges on a two-year cycle as well as the maintenance of smaller structures including traffic signals, streetlights, traffic signs, bridges less than 20 feet and line striping. It is also responsible for pothole patching, drainage structure cleaning and repair, tree trimming and removal, brush removal, graffiti cleanup, large debris and litter pickup, sign installation and repair, and traffic signal maintenance.

The Governor recommends \$0.5 million to fund 7.0 new maintenance positions to perform more operations in-house. This includes six highway maintenance operator and one mason positions. The enacted budget contains authorization for 119.0 positions with the aforementioned titles; it appears that 14.0 of them are vacant as of February 2, 2019. It is assumed that savings from contracted services would decrease as more of these services are performed in-house; however, the recommended budget does not reflect such a reduction.

Other Positions (3.0 New FTE). The 2018 Assembly enacted legislation in 2018-H 7104 requiring the Department of Transportation to provide the Commerce Corporation with impact of RhodeWorks projects on small businesses. This includes traffic flow, road and bridge closings, parking restrictions and alterations in traffic patterns to accommodate road and bridge repairs, including proposed dates of work, road closure and re-routing of any traffic patterns. The Department's request does not include funding or staffing

relating to this requirement. *The Governor recommends \$0.3 million to fund 3.0 new positions, including a community liaison officer to notify residents of projects. The recommendation also funds a new administrative officer for the legal division and an economic and policy analyst to work on the Transportation Improvement Program.*

Salaries and Benefits. The Department requests \$79.3 million from all sources for salary and benefit costs of 755.6 full-time equivalent positions. This is \$8.3 million less than enacted and 0.6 more positions than authorized. The request inadvertently omitted salary and benefit expenditures of \$10.1 million from federal funds. It appears that the same omission was reflected in the Department's FY 2019 original request; however, the funding was corrected as part of the recommended and enacted budgets. Adjusting for this, all other expenditures are \$1.8 million more than enacted to reflect cost-living adjustments, overtime and benefit changes. This includes \$2.2 million more for overtime, of which \$2.0 million is for the Maintenance Division. Consistent with the revised request, the request includes \$0.1 million from gasoline tax proceeds and staffing authorization for a part-time programming services officer position to assist the Division of Planning with grant writing for federal discretionary funds. The position is currently filled within the Department's existing staffing level. The request assumes \$1.0 million in turnover savings, which is equivalent to 13.1 vacancies. As of November 11, 2018, the Department has 72.4 vacancies.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The approved rate for federal FY 2017 and FY 2018 was 112.57 percent. The Federal Highway Administration has authorized an indirect cost recovery rate of 109.0 percent for federal FY 2019. Though the rate for FY 2019 is lower than FY 2018, the Department indicates that it has not adjusted its assumptions from the approximately 90 percent rate used in its budgets in five years based on its tendency to underspend federal funds. *The Governor corrects for understated expenditures; the recommendation is \$4.0 million more than enacted to reflect a higher indirect cost recovery rate. It assumes a 5.0 percent turnover rate, which is equivalent to 38 vacancies. As of February 2, the Department has 60.4 positions vacant. It also appears that statewide benefit savings from non-general revenue sources were not taken.*

Pawtucket/Central Falls Train Station. In July 2016, the Department received notification that a \$13.1 million grant from the Federal Highway Administration for the Pawtucket/Central Falls Train Station had been secured. Though the funds are included in the Department's 10-year plan, they were not included in the operating budget. The request assumes use of \$6.5 million each in FY 2019 and FY 2020. The project is estimated to cost a total of \$38.0 million, all but \$4.5 million is from federal funds. Infrastructures will include two siding tracks, two platforms, a pedestrian overpass, bus drop-off access and parking. The station is intended to be served by the Massachusetts Bay Transportation Authority along its Providence line, connecting Pawtucket/Central Falls to Providence and Boston. *The Governor concurs.*

Route 37 Corridor Project. In August 2018, the Department was awarded a \$20.0 million federal Transportation Investment Generating Economic Recovery (TIGER) grant to rehabilitate the Route 37 Corridor. The request assumes use of \$5.0 million in FY 2019 and \$15.0 million in FY 2020. The total estimated project cost is \$44.0 million and is included in the Department's 10-year plan. The project will include the replacement and/or rehabilitation of 15 bridges and culverts along the Route 37 Corridor. It will also include improvements to the Pontiac Avenue westbound exit ramp. *The Governor concurs.*

Commuter Rail. The Department requests the enacted amount of \$4.4 million from federal stimulus funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Subsequently, the Department indicates that the funds have expired and the request should reflect their exclusion. *The Governor's recommendation excludes the funds.*

Highway Improvement Projects. The Department requests a total of \$275.0 million from all sources, including \$191.4 million from federal funds matched by \$58.6 million from motor vehicle surcharges and

Rhode Island Capital Plan funds and \$25.0 million from toll revenue for highway improvement projects included in the Department's 10-year plan for FY 2020. The request is \$12.5 million less than enacted, including \$16.0 million less from toll revenues. The requested amount of \$35.9 million from Rhode Island Capital Plan funds is \$3.4 million more than the approved plan, which was provided to the Department based on its plan to provide the Public Transit Authority with additional resources from its share of highway maintenance funds to purchase buses. *The Governor recommends \$9.2 million more than requested; this includes \$3.4 million less from Rhode Island Capital Plan funds, consistent with the approved plan. She also includes \$12.6 million of carry forward funds from the Highway Maintenance Account.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. The multi-year appropriation section of Article 1 had assumed \$32.5 million each for FY 2023 and FY 2024 for the Highway Improvement Program, these amounts are reduced to \$27.2 million annually.

GARVEE Debt Service. The 2016 Assembly adopted legislation allowing the Department to refinance projects that were previously financed through the Grant Anticipation Revenue Vehicle (GARVEE) bonds; \$244.9 million was outstanding. The legislation also authorized the Department to borrow \$300.0 million through the Grant Anticipation Revenue Vehicle (GARVEE) Program and refinance existing GARVEE debt. The Department completed the refinancing in June 2016 and the new issuance was completed in October 2016. The request includes \$66.5 million for debt service, including the enacted amount of \$57.5 million from federal funds and \$8.9 million from the dedicated two cents for Motor Fuel Tax Revenue Bonds. *The Governor recommends \$0.1 million more than requested, to reflect an upward revision to the gasoline tax yield estimate.*

Public Transit Authority - Bus Match. The request includes \$3.1 million from the Department of Transportation's share of the Highway Maintenance Account to the Rhode Island Public Transit Authority to match federal funds for bus purchases. The funds were assumed in the capital budget; however, they were not included in the operating budget. It should be noted that the Authority submitted a capital budget assuming a total of \$23.4 million from these funds for matching; however, the Department of Transportation indicates that its 10-year plan does not assume any additional resources to the Authority beyond the approved \$3.1 million amount. *The Governor recommends funding consistent with the approved amount.*

Public Transit Authority. The 2017 Assembly amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019 for operating expenditures. The Department's request adjusts expenditures to the Authority to reflect this. The budget includes \$4.9 million from the Highway Maintenance Account to the Authority, consistent with current law. The legislation also requires that the Authority convene a coordinating council to develop recommendations for sustainable funding of the free-fare program for low income seniors and persons with disabilities to maximize the use of federal funds. Recommendations must be submitted to the Governor, Speaker of the House and Senate President, no later than November 1, 2018. The Authority indicates that its staff is in the process of reviewing a draft of the report, which it will share with the Executive Office of Health and Human Services and other stakeholders. The Council will meet in December to review the report. The Authority anticipates submitting the report before the end of the calendar year.

The request also assumes the enacted amount of \$43.6 million from gasoline tax proceeds, for total funding \$48.5 million. *The Governor recommends \$56.3 million from all sources, \$7.8 million more than requested including \$0.6 million to reflect an upward revision to the gasoline tax yield estimate. She proposes legislation in Article 8 of 2019-H 5151 to provide the Authority with an additional \$5.0 million from the Department of Transportation's current share of the Highway Maintenance Account for FY 2020. She also*

proposes legislation to permanently dedicate to the Authority an additional half cent of the FY 2020 projected gasoline tax Consumer Price Index adjustment.

Turnpike and Bridge Authority. The request includes \$15.7 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown bridges. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. The request is consistent with the enacted budget; however, it is \$86,912 more than the per penny yield utilized. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. *The Governor recommends \$15.9 million, \$0.2 million more than requested, to reflect an upward revision to the gasoline tax yield estimate.*

Winter Maintenance Operations. Excluding salaries and benefits, the Department requests \$18.4 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2020. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid deicers. The request is \$1.3 million more than enacted and \$0.4 million more than projected for FY 2019 expenses. The average annual cost for winter maintenance operations from FY 2014 through FY 2018 is \$16.9 million. The current request is \$1.5 million above that. *The Governor recommends funding as requested.*

Congestion Mitigation and Air Quality Improvement. The Department requests \$12.2 million from federal congestion mitigation air quality grant funds. This is \$1.1 million more than enacted and is consistent with the revised request. It includes \$0.8 million less for engineering services, reflective of anticipated expenditures, offset by \$1.9 million for a liability insurance policy associated with commuter rail operations for the Pawtucket/Central Falls Train Station. The Department indicates that the policy cost was based on a worst-case scenario, and more current information indicates that the increase will likely be minimal. *The Governor recommends funding as requested.*

RhodeWorks Legal Services. The Department requests total \$2.0 million from gasoline tax proceeds, including \$1.0 million each for FY 2019 and FY 2020, for litigation expenses relating to the tolling program. In July 2018, the Rhode Island Trucking Association along with the American Trucking Associations, Cumberland Farms Inc., M&M Transport Services Inc. and New England Motor Freight filed a lawsuit against the state, challenging the constitutionality of the tolling program. The state is being represented by Adler, Pollock and Sheehan. *The Governor recommends funding as requested.*

Vehicles and Equipment Replacement. The Department's request includes \$11.6 million from all sources, including \$1.5 million from Rhode Island Capital Plan funds, which is \$3.0 million more than enacted, to purchase heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet. Through FY 2018, the Department has replaced approximately 38 percent of its fleet. The Department indicates that an analysis of the Division of Maintenance's rolling stock has been made and that the current replacement program is needed to meet future fleet needs. *The Governor recommends funding as requested.*

Drainage System Project. The Department requests \$6.0 million or \$1.0 million more than enacted for highway drainage related expenditures. It is estimated that the state is responsible for 25,000 stormwater catch basin systems and other connected drainage structures. Previously, during an average year, approximately 10 percent of the systems were inspected and cleaned. For federal FY 2018, the Department reported cleaning 6,594 or 26.4 percent of the drainage structures. The Department of Transportation's proposed ten-year plan includes \$132.8 million to address drainage improvements.

The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. The

decree requires the Department to sample and inspect certain discharge points; submit to the U.S. Environmental Protection Agency for review and approval a proposal for an outfall monitoring program; notify the Environmental Protection Agency, Department of Environmental Management and property owners of an illicit discharge within 14 days, which must be remediated within 120 days of verifying; and implement a street sweeping tracking system, which must document the date and location of sweeping of roads by the Department. *The Governor recommends \$50,000 more than requested for environmental services, based on the availability of overall funding delayed from FY 2019.*

Other Maintenance Division. The Department requests \$15.5 million from gasoline tax for all other expenses in the Maintenance Division. These include activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request is \$1.4 million more than enacted, including \$0.7 million more for small scale capital improvements and \$1.0 million more for general maintenance. Consistent with the revised request, the request also includes savings of \$0.3 million from electricity costs associated with lighting masts and traffic signals along state owned highways and roads. In 2016, the Department started to convert its streetlight fixtures to high-efficiency fixtures. Of the 7,200 lighting structures, 4,900 or 68.0 percent have been converted. *The Governor recommends \$1.7 million more from gasoline tax proceeds than requested for building maintenance, equipment rental and for leased space on Allens Avenue, which is used to store acquired vehicles and equipment.*

Capital - Other Projects. Consistent with the enacted budget, the Department requests \$4.5 million from Rhode Island Capital Plan funds for six ongoing projects. *The Governor recommends \$4.2 million or \$311,436 less than requested. A more detailed description of the projects is available in the Capital Budget section of this publication.*

The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated 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. The multi-year appropriation section of Article 1 had assumed \$1.5 million each for FY 2021 and FY 2022 for Salt Storage Facilities, these amounts are reduced to \$1.0 million annually.

Other Expenses. The Department requests \$7.9 million from all sources, including \$5.5 million from federal funds for all other expenses. This is \$0.4 million more than enacted, including \$4,527 more from federal funds, used to encourage safety on highways and provide funding for programs to lower amounts of impaired driving, risk reduction and seatbelt use. The request includes \$0.4 million from gasoline tax proceeds, including \$0.1 million more for cell phones based on historical expenditures, and \$0.3 million for a new telephone contract with Cox Communications. This is consistent with the revised request. *The Governor recommends \$53,400 more than requested.*

