
Section III

Agency Analyses

Department of Administration

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 2,389,232	\$ 2,389,232	\$ 2,568,793	\$ 2,423,908
Accounts & Control	5,562,009	5,551,847	5,597,740	5,296,220
Office of Management & Budget	9,841,526	9,525,659	9,569,906	9,647,143
Purchasing	4,297,898	4,307,881	4,366,775	4,526,725
Human Resources	788,541	1,305,378	788,541	389,142
Personnel Appeal Board	151,521	151,521	125,298	125,298
General	62,629,874	62,743,953	44,013,602	52,627,938
Debt Service	197,070,371	185,420,171	217,914,171	199,364,642
Legal Services	2,294,340	2,166,544	2,091,797	1,989,133
Information Technology	8,383,510	23,039,857	8,310,980	13,501,736
Library Programs	2,614,826	2,786,439	2,986,442	2,994,159
Planning	6,453,342	7,571,314	7,320,646	7,216,545
Energy Resources	8,814,102	17,891,467	8,459,140	8,483,725
Statewide Savings	(4,607,518)	-	-	-
Health Benefits Exchange	9,953,397	10,821,172	21,269,155	21,479,792
Diversity, Equity & Opportunity	1,426,500	1,415,620	1,570,596	1,482,294
Capital Asset Mgmt. & Maint.	9,817,305	13,618,692	10,326,297	11,164,765
Total	\$ 327,880,776	\$ 350,706,747	\$ 347,279,879	\$ 342,713,165
Expenditures by Category				
Salaries and Benefits	\$ 30,096,030	\$ 31,610,419	\$ 33,059,722	\$ 32,023,814
Contracted Services	8,371,996	9,967,614	10,728,374	11,059,063
Subtotal	\$ 38,468,026	\$ 41,578,033	\$ 43,788,096	\$ 43,082,877
Other State Operations	22,502,347	27,790,637	20,051,672	22,198,832
Aid to Local Units of Government	11,499,302	11,499,302	12,264,938	12,264,938
Assistance, Grants, and Benefits	3,329,128	18,092,065	17,508,719	17,508,719
Capital	55,111,602	66,426,539	35,852,283	48,393,157
Capital Debt Service	196,970,371	185,320,171	217,814,171	199,264,642
Operating Transfers	-	-	-	-
Total	\$ 327,880,776	\$ 350,706,747	\$ 347,279,879	\$ 342,713,165
Sources of Funds				
General Revenue	\$ 206,638,425	\$ 208,871,535	\$ 233,621,816	\$ 214,958,218
Federal Aid	4,152,873	4,078,271	4,248,202	2,486,895
Restricted Receipts	24,412,178	45,320,414	35,009,947	38,839,448
Other	92,677,300	92,436,527	74,399,914	86,428,604
Total	\$ 327,880,776	\$ 350,706,747	\$ 347,279,879	\$ 342,713,165
FTE Authorization	647.7	647.7	655.7	652.7

Summary. The Department of Administration requests FY 2021 expenditures totaling \$347.3 million from all sources and a staffing level of 655.7 full-time equivalent positions, 8.0 more than authorized. The request is \$19.4 million more than enacted, including \$27.0 million more from general revenues, of which

\$20.8 million is for debt and \$4.6 million is to restore budgeted statewide savings. The request includes \$0.1 million more from federal funds and \$10.6 million more from restricted receipts. Expenditures from other funds, primarily Rhode Island Capital Plan funds, are \$18.3 million less than enacted.

The Governor recommends \$342.7 million from all sources, including \$215.0 million from general revenues. The recommendation is \$14.8 million more than enacted and \$4.6 million less than requested, including \$18.7 million less from general revenues primarily from debt service savings. The recommendation includes staffing of 652.7 full-time equivalent positions, 5.0 more than authorized.

Staffing. Excluding statewide savings, the FY 2021 request includes \$33.1 million from all sources for salaries and benefits. This is \$0.3 million more than enacted, including \$0.7 million more from general revenues. The request is \$1.3 million more than the FY 2020 revised request. The request includes staffing authorization for 655.7 full-time equivalent positions, 8.0 more than the authorized level. There are various staffing changes, including new positions in the Office of Diversity, Equity and Opportunity, Central Management, Information Technology, Division of Statewide Planning and the Division of Capital Asset Management and Maintenance. The request also reflects a major reorganization of staff in the Office of Management and Budget. It also assumes the elimination of 43.3 unidentified positions to reconcile the allocation by program to the staffing cap, 0.1 position less than enacted. As of November 23, the Department has 636.1 full-time equivalent positions or 98.2 percent of its authorization filled.

The Governor recommends \$32.0 million for salaries and benefits, which is \$0.7 million less than enacted and \$1.0 million less than requested. The recommendation includes staffing of 652.7 full-time equivalent positions, 5.0 more than authorized and 3.0 less than requested. It also assumes 10.0 more of those full-time equivalent positions would support internal serviced fund programs. The recommendation also reflects the allocation of the unidentified reductions by program, to align filled positions by program. As of February 1, the Department has 633.1 positions filled.

Target Issues. The Budget Office provided the Department with a general revenue target of \$232.1 million. The amount includes current service adjustments of \$26.9 million and a 5.0 percent target reduction of \$1.4 million, adjusted for certain exclusions.

FY 2021 Budget	Budget Office	Department of Administration	Difference
FY 2020 Enacted	\$ 206,638,425	\$ 206,638,425	\$ -
Current Service Adjustments	26,896,582	25,762,533	(1,134,049)
New Initiatives	-	1,220,858	1,220,858
Change to FY 2020 Enacted	\$ 26,896,582	\$ 26,983,391	\$ 86,809
FY 2021 Current Service/Unconstrained Request	\$ 233,535,007	\$ 233,621,816	\$ 86,809
Target Reduction/Initiatives	(1,426,800)	(1,516,314)	(89,514)
FY 2021 Constrained Target/Request	\$ 232,108,207	\$ 232,105,502	\$ (2,705)
<i>Change to FY 2020 Enacted</i>	\$ 25,469,782	\$ 25,467,077	\$ (2,705)

The Department's constrained request is \$2,705 less than the target level. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$17.1 million below the target, which includes \$20.1 million from debt 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.

The request includes \$13.5 million from all sources, including the enacted amount of \$12.2 million from general revenues for the Department's share of centralized services, \$0.1 million more than enacted. It includes \$7.8 million for facilities management, \$0.8 million for human resources support and \$4.9 million for information technology services. The request is \$0.1 million less than the FY 2020 revised request and is \$2.2 million more than FY 2019 expenses. All but \$10,500 of the increase is for information technology services. These changes appear to adjust for certain areas where the Department incurred expenditures in FY 2019; though overall FY 2019 expenditures were \$1.1 million below the final appropriation, including \$0.8 million less from the Information Technology Investment Fund. Detailed information of each fund is provided at the end of this analysis.

The constrained request reduces general revenue expenditures for information technology services by \$350,000. The constrained amount of \$3.2 million is \$0.5 million more than FY 2019 and \$0.4 million less than projected expenditures for FY 2020.

The Governor recommends \$15.5 million from all sources, including \$14.0 million from general revenues. This is \$2.0 million more than enacted, including \$1.9 million from general revenues based on Budget Office estimates. It includes \$0.4 million less for human resources, offset by \$1.6 million more for information technology services, of which \$1.5 million is for operating expenses relating to the development and implementation of the Enterprise Resource Planning System for human resources, payroll, finance, and grants management. The funds will be used to support 2.0 full-time equivalent information technology manager positions and contracted services. It also includes \$0.8 million more for facilities management, such as security and janitorial services. The administration entered into a new three-year contract for janitorial services, effective June 2019. The recommendation is \$5.7 million less from all sources, including \$2.8 million less from general revenues than the FY 2020 revised budget. This plan is inconsistent with the idea of internal service funds and the reason they were created.

Statewide

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

Injured on Duty. The enacted budget assumes \$1.7 million from general revenues from passing legislation to amend the injured on duty law as it relates to state employees. The legislation allows a treating physician or an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for accidental disability. Prior to the change, it must be the treating physician that makes the certification. Recipients of injured on duty payments had 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions. As of January 7, 2019, there were 28 individuals receiving injured on duty benefits. The administration reported that as of October 19, 18 individuals, including 15 Sheriffs were receiving injured on duty benefits. The request restores the budgeted savings; a cost benefit analysis has not been conducted to determine how the savings assumed in the Department of Administration's budget will be achieved or distributed. *The recommended budget excludes the savings in the Department of Administration's budget; statewide, \$0.3 million was achieved. The revised budget assumes \$0.7 million in savings is achieved.*

Overtime. The request restores budgeted overtime savings of \$1.0 million from general revenues; the savings were included in the Department of Administration's budget for later distribution. The administration announced a new overtime policy in June 2019. It requires each agency to develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures, which must be submitted by October 15, 2019. Beginning in FY 2020, agencies are also required to submit to the Office of Management and Budget quarterly reports of overtime expenses along with their quarterly financial reports. Information as to how the savings will be achieved or distributed has not been provided. It should be noted that the out-year estimate had assumed these savings.

The recommended budget eliminates the savings; statewide, \$582,912 was achieved in FY 2020 only. The Governor's FY 2021 recommended budget assumes additional savings of \$1.9 million from three new initiatives relating to overtime in the Department of Corrections and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Local Aid

Library Aid. The Department requests the enacted amount of \$9.6 million to level fund state support of public libraries. The request is \$1.3 million or 13.1 percent less than allowed under current law. It funds library aid at 21.7 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 \$9.6 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 \$2.7 million from general revenues for library construction aid. This is \$0.8 million more than enacted to reflect funding requirements for FY 2021 based on updated cost information, interest rates, and construction schedules for approved projects. The majority of the increase relates to a completed project by the Providence Public Library. 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 has received a letter of intent from the Town of Narragansett; however, that project is on hold while it is redefined. *The Governor recommends funding as requested.*

Office of Energy Resources

Salaries and Benefits. The request includes \$1.6 million from federal funds and restricted receipts for salary and benefit expenses of 12.0 full-time equivalent positions, the authorized level. The request is \$0.1 million less than enacted to reflect turnover and medical benefit savings, based on employee medical benefit selection. It includes benefit rates consistent with FY 2021 planning values and assumes \$61,287 from turnover savings, for which the enacted budget did not include any. As of November 23, the Office has

one vacancy. *The Governor concurs, with the exception of providing \$3,529 less from federal funds and restricted receipts, reflecting statewide medical savings.*

Regional Greenhouse Gas Initiative. Excluding salaries and benefits, the Department requests \$4.8 million from the Regional Greenhouse Gas Initiative restricted receipt fund, \$1.7 million less than enacted based on anticipated resources. The receipts are derived from the sale of carbon emission credits through an auction process. Program expenditures are \$0.1 million more than enacted, including \$15,600 for copy machines that the Office leased in FY 2019 and \$94,998 more for energy research and clerical services. The request includes \$4.6 million or \$1.8 million less than enacted to provide grants to invest in projects that reduce long-term energy demands and costs. *The Governor concurs.*

Volkswagen Settlement Funds. The request includes new restricted receipt expenditures of \$1.2 million from Volkswagen Settlement funds for the Electric Vehicle Charging Station Incentive Program. The Department of Environmental Management is the designated state agency and has the primary responsibility for implementation of the “Beneficiary Mitigation Plan” for use of the Volkswagen Settlement funds. The Department of Environmental Management allocated these funds to the Office to administer the program, which will be used to provide incentives to purchase and install electric vehicle charging station equipment. Incentives are based upon applicant type, state agencies, quasi, local government or another entity and whether the charging stations will be available for public use. Guidelines for the program were issued in October 2019. *The Governor concurs.*

Other Expenses. The request includes \$0.8 million from federal funds and restricted receipts for all other expenditures for the Office of Energy Resources. This is \$146,124 more than enacted, including \$105,000 in Reconciliation Funding through the Renewable Energy Growth Program for the Distributed Generation Board. Funds will be used to conduct a study to verify energy savings of energy efficiency programs, pursuant to legislation adopted by the 2018 Assembly. Remaining funds will be used for staff training on several initiatives, including solar power systems. *The Governor recommends funding as requested.*

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 2019 Assembly concurred with the Governor’s proposal and adopted legislation to decouple the state’s premium assessment upon those insurers offering products on the Exchange from the rate charged for federally facilitated marketplaces and established a 3.5 percent fee in statute, effective January 1, 2020. The federal rate decreased from 3.5 percent to 3.0 percent on January 1, 2020.

For FY 2021, HealthSource RI is projecting enrollments of 33,926 in the individual/family group and 6,169 in the small business group. Enrollments as of November 2019 were 31,942 in the individual/family group and 5,763 in the small business group. The request assumes receipts of \$7.6 million or \$0.5 million more than enacted, based on enrollment. The FY 2020 enacted budget was based on 31,117 in the individual/family group and 5,528 in the small business group. *The Governor concurs.*

Health Insurance Market Integrity Fund. The 2019 Assembly concurred with the Governor’s recommendation and adopted legislation establishing a Reinsurance Program, to provide stability in the individual insurance market. The legislation imposes a Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions, effective on January 1, 2020.

The penalty will be collected by the tax administrator and deposited into a restricted account and will be used to provide reinsurance, or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for

preventative health care programs in consultation with the Executive Office of Health and Human Services. Current law prohibits the use of general revenues for reinsurance payments.

The request excludes the one-time funding of \$0.4 million from general revenues provided for implementation of the program; however, it appears that this funding was allocated elsewhere in the Office's request. It assumes \$9.6 million from penalty payment, of which \$8.3 million will be used to make payments to health insurance carriers and \$1.3 million is for operating expenses. Of this amount, \$0.4 million will be provided to support approximately three positions in the Division of Taxation for collection activities. *The Governor concurs; the recommended budget assumes use of \$0.1 million to support a position in the Division of Taxation.*

Salaries and Benefits (-2.0 FTE). The request includes \$2.1 million from restricted receipts to support 14.0 full-time equivalent positions for HealthSource RI. This is 2.0 positions fewer than enacted, consistent with the revised request. The request reflects benefit rates consistent with FY 2021 planning values and is \$0.2 million less than enacted for partial funding of two positions that the Department proposes to eliminate; both positions have been vacant for more than one year. The request does not assume any turnover savings. As of November 23, 12.0 positions were filled, 2.0 fewer than the request, including the director of HealthSource RI and a senior policy analyst. *The Governor concurs, with the exception of providing \$3,529 less from statewide medical savings.*

UHIP Expenses. Excluding salaries and benefits, the request includes \$4.5 million from restricted receipts for HealthSource RI's share of the Unified Health Infrastructure Project related expenses. This is \$0.8 million more than enacted and is \$0.7 million more than the revised request for various contracts, including the contact center, information technology support and management consultant services. Of the increase, \$0.1 million is for the contact center, for which the enacted budget includes \$1.7 million, and \$0.7 million is for the Deloitte contract.

The constrained request assumes \$0.2 million less for the Unified Health Infrastructure Project related expenses.

The Governor recommends \$0.2 million more than requested, including \$0.3 million more from general revenues and \$0.1 million less from restricted receipts. Of the general revenues increase, \$216,619 is to reflect a change in allocation for Unified Health Infrastructure Project related expenses; a corresponding reduction is included in the Department of Human Services' budget.

Management and Other Services. The request includes \$4.3 million from all sources, \$1.9 million from general revenues, to fund various management and other contracts for HealthSource RI. This is \$1.4 million more than enacted, including \$0.7 million from general revenues, which is \$0.3 million more than the current service estimate. The Office indicates that some of the increase relates to certain expenditures that the Centers for Medicare and Medicaid Services deemed to be non-Medicaid related and should be excluded from the Implementation Advanced Planning Document, as they are exclusively HealthSource RI expenses. This includes \$0.5 million more for sales and service for HealthSource RI for Employers Program; the enacted budget includes \$1.2 million. The total contract cost is \$1.7 million and is consistent with the revised request and is \$0.5 million more than enacted for a new enrollment platform for small businesses. The request includes \$0.3 million more for printing and mailing. *The Governor recommends funding as requested.*

Other Expenses. The request includes \$0.6 million from all sources, including \$0.1 million from general revenues for all other expenses for HealthSource RI. The request is \$0.1 million more than enacted, all but \$4,015 is from general revenues. The request restores the enacted statewide savings of \$8,000. Consistent with the revised request, the request includes an additional \$65,000 for mailing of notices, including

eligibility, open enrollment and benefit changes. The enacted budget includes \$135,000 and expenditures were \$205,470 for FY 2019 and \$211,312 for FY 2018. *The Governor recommends funding as requested.*

Debt

38 Studios. Consistent with the current service estimate, the request includes \$12.3 million from general revenues or \$11.8 million more than enacted to reflect the final year’s debt service relating to 38 Studios. 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	(11,875,481)	446,819
2021	12,288,413	(213,413)	12,075,000
Total	\$ 89,233,102	\$(53,146,164)	\$ 36,086,938

The Governor recommends \$12.1 million, \$0.2 million less than the current service estimate, reflecting available interest earnings from settlement proceeds.

Convention Center Authority. The request includes \$22.1 million from general revenues for debt service for the Convention Center Authority. This is \$1.5 million more than enacted and is consistent with the current service estimate. The Authority oversees the operations of the Convention Center, Dunkin’ Donuts Center, Veterans Memorial Auditorium and the Garrahy Courthouse Garage, once it becomes operational; the facilities are managed by a third-party, which is ASM Global. The contract with ASM Global will expire on June 30, 2025. 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 2018 Assembly did not concur with the Governor’s proposal to borrow for energy efficiency projects and instead provided pay-go funding of \$4.3 million from Rhode Island Capital Plan funds in FY 2019. The improvements are estimated to save \$0.5 million annually from general revenues; the request assumes the savings. *The Governor recommends funding as requested.*

Garrahy Parking Garage. The request includes \$1.7 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 \$1,314 more than enacted and is \$1.7 million more than the current service estimate, which assumed no need for state funding. The enacted budget includes half a year’s funding of the annual debt service cost, assuming an opening date in January 2020. The annual debt service is \$3.0 million and revenues lower the state’s debt service obligation in FY 2020 and beyond. The Authority indicates that the project will be substantially completed in January and anticipates an opening date in February or March

2020. *The Governor recommends \$2.1 million, or \$0.4 million more than enacted. The recommendation assumes that the balance of \$1.0 million for the debt payment will come from state agencies using the garage and other garage revenue, net of operating expenses. The Governor's current out-year estimate does not assume state support beyond FY 2021.*

Historic Structures Tax Credit. Consistent with the current service estimate, the Department requests \$19.4 million from general revenues, \$3,746 less than enacted to fund costs for debt issued to pay for historic tax 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 essentially as enacted.*

I-195 Land Acquisition Debt Service. The Department requests \$3.0 million from general revenues for debt service costs of the I-195 land acquisition project. This is \$80,000 less than enacted, based on the estimated requirement for FY 2021. The projected debt service amount is \$4.4 million; the request assumes that \$1.4 million of proceeds from land sales will be used to cover the debt. This is consistent with the current service estimate. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs.

The legislation assumed \$42.0 million of revenue bonds would be issued by the Economic Development Corporation to purchase land made available through the relocation of Interstate 195 by the Department of Transportation. The project requires resources from these land sales to finance the remaining work, and this interim mechanism allows for a more deliberate process led by the I-195 Redevelopment Commission on the disposition of the land to occur while the project is completed. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget assumes reamortization of the balloon payment for an additional ten years. *The Governor recommends \$0.1 million less than requested based on anticipated interest rates.*

Providence Place Mall. The request includes the enacted amount of \$3.6 million from general revenues for debt service costs of the Providence Place Mall. Pursuant to the legislation adopted by the 1996 Assembly, the debt service payments are supported by two-thirds of the sales taxes generated at the mall; up to a maximum of \$3.7 million in years 1 through 5 and \$3.6 million in years 6 through 20. A review of the reserve account showed available resources were sufficient to pay off the debt; a final payment was made in October 2019 and remaining funds were transferred to the general fund. A payment in FY 2021 will not be required. *The Governor's recommendation includes the savings.*

General Obligation Bond Debt. The request includes \$125.7 million from all sources, including \$87.5 million from general revenues, \$1.9 million from federal Build America Bonds, and \$36.3 million from transportation funds for general obligation bond debt service. This is \$9.7 million more than enacted; however, the Budget Office notes that debt service costs in Public Higher Education's budget should be lowered by \$4.1 million, for a statewide net increase of \$5.6 million.

The Governor recommends \$110.8 million, which is \$14.9 million less than requested from all sources, including \$16.5 million from general revenues based on a refunding of prior general obligation debt. She also includes \$3.2 million more for Public Higher Education's budget, for a net decrease of \$13.3 million from general revenues. The recommendation includes \$39.8 million from transportation funds for debt, subsequently, the Budget Office indicates that this amount should be \$1.6 million less.

Fidelity Job Rent Credits. Consistent with the current service estimate, the Department requests the enacted amount of \$3.0 million from general revenues for required payments under the Fidelity Job Rent

Credits agreement. Under the incentive-based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. *The Governor recommends \$2.8 million, \$0.2 million less than enacted to fund the program at the FY 2020 revised level.*

Other Debt. The Department requests \$27.1 million from general revenues for all debt issued through Certificates of Participation for information technology, energy conservation, and the Department of Children, Youth and Families’ Training School. This is \$2.1 million less than enacted and is consistent with the current service estimate. The following table shows the list of the projects and scheduled last payment date. *The Governor recommends funding as requested.*

Projects	FY 2021 Payment	Last Payment Date
Power Plant	\$ 2,244,750	FY 2021
Kent County Courthouse	4,614,875	FY 2024
DCYF Training School	4,212,625	FY 2025
Energy Conservation	5,041,938	FY 2025
Innovative Technology	4,973,800	FY 2025
Traffic Tribunal	1,674,900	FY 2025
School for the Deaf	2,476,250	FY 2029
Hospital Consolidation	1,868,550	FY 2034
Total	\$ 27,107,688	

Purchasing

Salaries and Benefits. The Department requests \$3.7 million from all sources to fund salary and benefit expenses for 33.0 full-time equivalent positions, the authorized level. The request is \$49,788 more than enacted, including \$86,869 more from general revenues. 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. It should be noted that the 2019 Assembly did not provide funding nor authorize the staffing for this position, which the Department indicates it filled within its current staffing level. The request includes turnover savings of \$0.1 million or \$35,527 more than enacted. As of November 23, the division has no vacancies. *The Governor concurs, with the exception of including \$17,025 less from all sources, reflecting statewide medical savings.*

Other Expenses. The request includes \$0.2 million from all sources, including \$78,673 from general revenues for operating expenditures for the Division of Purchasing. This is \$19,089 more than enacted from general revenues, of which \$18,089 is for clerical services for which FY 2019 expenses were \$18,839. This is consistent with the revised request. The request includes \$5,000 less for telecommunications, reflective of historical expenditures. The enacted budget includes \$14,000 for this expense and FY 2019 expenditures were \$8,612.

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 Governor’s FY 2020 recommended budget assumes the implementation of the assessment, effective January 1, 2020. The Department indicates that it is on target to meet that deadline. Consistent with the enacted budget, the request includes \$162,500 from restricted receipts for software maintenance of the system. *The Governor concurs and includes \$13,498 to restore the enacted statewide general revenue savings of \$6,749 from three separate statewide savings initiatives designed to reduce operating costs and adds \$6,749 for office supplies.*

Office of Management and Budget

Office of Internal Audit - Staffing (-6.0 FTE). The request includes \$3.4 million from all sources, including \$2.4 million from general revenues for salaries and benefits of 27.0 full-time equivalent positions in 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 is \$0.7 million less than enacted, including \$0.4 million less from general revenues. As of November 23, the Office has 25.0 full-time equivalent positions of its authorized 33.0 positions filled. Consistent with the revised request, the request includes the elimination of 6.0 vacant but funded positions. These positions have been vacant for several years, and the Office has consistently reported problems filling them. The Office indicates that it has initiated the process to have one of the two vacancies filled before February 2020. The request includes \$0.1 million in turnover savings, for which the enacted budget did not include any. *The Governor includes \$10,869 less from all sources, reflecting statewide medical savings and concurs with the remainder of the request.*

Audit Review. The request includes \$0.7 million 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 \$35,000 more than enacted to obtain outside services to assess and certify that the Bureau's work is being documented and performed in accordance with internal auditing standards. This review is conducted every five years. *The Governor recommends funding as requested.*

Staffing Reorganization (8.0 FTE). Excluding the Office of Internal Audit, the request includes \$4.8 million from general revenues for salaries and benefits for all other positions in the Office of Management and Budget. This is \$0.4 million more than enacted and is \$0.1 million less than the revised request, reflective of additional turnover. The 2012 Assembly adopted legislation to establish the Office within the Department of Administration. The Office was created to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The 2019 Assembly concurred with the Governor's recommendation to transfer functions of federal grants management to Accounts and Control; the request reflects the transfer of the associated 2.0 positions, and it includes 39.0 full-time equivalent positions or 8.0 more than authorized for the Office of Management and Budget and is consistent with the revised request.

The request also reflects a major reorganization of staff in the Office of Management and Budget. There is a net increase of eight new positions associated with the reorganization, including four in the Office of the Director of Management and Budget: two budget analyst positions, a deputy director of the Office of Management and Budget, and an administrator of operations to oversee LEAN initiatives. The latter two positions have been filled.

It appears that all staff that were previously in the Office of Performance Management were transferred to the State Budget Office, for a net increase of three positions, including a database administrator, a principal budget analyst and a data analyst. The Department indicates that many of the functions of performance management are imbedded by statute and practice in the budget process and that it made sense to integrate the two functions. However, it should be noted that current law does include an Office of Performance Management. The request includes staffing of 7.0 full-time equivalent positions for the Office of Regulatory Reform, 1.0 more than enacted and it also assumes that the director of the Office of Regulatory Reform would be vacant.

The constrained request assumes additional turnover savings of \$0.4 million from general revenues, including \$0.2 million by holding a position in the Office of the Director of Management and Budget vacant.

The Governor concurs with the requested amount and includes \$12,134 less from general revenues, reflecting statewide medical savings.

Other Expenses. The request includes \$0.3 million from general revenues for all other expenses for the Office of Management and Budget. Consistent with the revised request, the request includes \$5,500 more for economic services relating to the Revenue Estimating Conference. The enacted budget includes \$44,800 for this, and FY 2019 expenditures were \$48,326. *The Governor reduces requested software maintenance costs by \$15,000 and concurs with the remainder of the request.*

Division of Statewide Planning

Complete Count Committee. The enacted budget includes one-time funding of \$500,000 from general revenues to support the Complete Count Committee, which was created by Executive Order 18-09. The Committee is tasked with developing, recommending and assisting in census outreach strategies. The Department indicates that it will probably incur some expenses in FY 2021 and retains \$50,000 of the amount provided; however, no adjustments to expenditures in the revised request were made, bringing total expenditures to \$550,000. It appears that a provision to reappropriate the funds into FY 2021 might be needed. The enacted budget also transferred a data analyst position from the Division of Municipal Finance to assist with census data collection, analysis, and monitoring. The Division of Statewide Planning indicates that it plans to have it filled in December 2019. *The Governor recommends funding as requested, bringing total support for the Complete Count Committee to \$550,000.*

Water Resources Board. The request includes \$0.4 million from general revenues to support the Water Resources Board. This includes \$0.3 million to fund salaries and benefits for the Board's authorized 2.0 full-time equivalent positions, or \$12,886 less than enacted to primarily adjust for benefits that were slightly overstated in the enacted budget. Consistent with the enacted budget, the request does not assume any turnover savings; however, as of November 23, one position became vacant, and the Department indicates that the plan is to have it filled in the second quarter of FY 2020.

The request includes the enacted amount of \$82,257 for operating expenses, \$20,000 less than the revised request, which includes an additional \$10,000 each for maintenance of the Big River Management Area and \$10,000 for engineering and appraisal services. The Board is responsible for paying the tuition costs for students living there who attend the Exeter/West Greenwich Regional School District; FY 2019 expenditures were \$17,738. The request does not assume this expense and is also \$38,773 less than FY 2019 expenditures. *The Governor recommends \$16,390 more from general revenues than requested, including \$1,410 less from statewide medical savings, offset by \$17,800 for tuition expenses.*

Transportation Planning Grants. Consistent with the revised request, the request includes \$3.3 million or \$1.2 million more than enacted from other funds passed through the Department of Transportation to the Division of Statewide Planning for transportation planning related projects. The Department historically overstates its ability to spend these funds. The Division of Statewide Planning indicates that the funds will be used for the implementation of the Unified Planning Work Program, which serves as the basis by which Federal Highway Administration and Federal Transit Administration urban transportation planning funds are spent. Additionally, the program serves as a management tool for scheduling, budgeting, and monitoring the planning activities of the Department of Transportation, the Rhode Island Public Transit Authority and the Department of Environmental Management. *The Governor concurs.*

Statewide Planning Staffing (1.0 FTE). The request includes \$3.0 million from all sources, including \$0.3 million from general revenues to fund salary and benefit expenditures in the Division of Statewide

Planning. The request is \$44,501 and 1.0 full-time equivalent position more than enacted. This includes \$0.1 million, of which \$11,811 or 20.0 percent is from general revenues to fund a new principal planner position. The Department indicates that the position would support the Community Outreach and Plan Implementation Unit. It appears that this position could have been filled within the division’s current staffing authorization of 23.0 full-time equivalent positions. As of November 23, the division has seven vacancies. The request assumes turnover savings of \$69,293 for which the enacted budget assumed \$8,472.

The constrained request excludes \$105,552 for the new position as well as the staffing authorization. *The Governor does not recommend funding the position consistent with the constrained request and includes \$11,972 less from all sources from statewide medical savings.*

Other Expenses. The request includes \$0.4 million from all sources, including \$82,065 from general revenues for all other expenses for the Division of Statewide Planning. This is \$135,689 more than enacted or \$15,531 more than the revised request to reflect the annual lease expense; in FY 2020 the division relocated from the Department of Administration’s building to the Foundry Building. This is consistent with the Efficiency Commission’s recommendation. There is offsetting savings in the Department of Environmental Management’s budget for this. *The Governor concurs.*

Other Programs

Information Technology Investment Fund. The request includes \$6.7 million from the Information Technology Investment Fund. This includes \$174,210 or \$41,470 more than enacted based on staff time allocated to some projects funded with these resources. This includes a full-time interdepartmental project manager working on the federal grants management system. Consistent with the enacted budget, the request includes \$6.5 million for various information technology projects. Some of the projects include the vital records system, an electronic permitting system and the initial costs for license plate reissuance. The request is not consistent with the capital budget that was submitted in August, which assumed expenditures of \$25.6 million for FY 2021; however, the source of funding for several projects has not yet been identified.

The Governor’s FY 2020 recommended budget proposed statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that was established by Executive Order on February 21, 2020, which was led by the Office of Management and Budget. The Commission issued its report in early May and the Governor subsequently made recommendations to effectuate many of the proposals to meet those savings. These include transfers and reorganization of duties, staffing efficiencies, space utilization savings, cost shifts to local schools including recapture of disputed charges, and property sales. This included land sales totaling \$6 million to \$10 million for FY 2020 “based on a strategic assessment of the state’s owned land leased real estate portfolio.” It should be noted that the Department’s projected resources for the fund had already identified \$7.2 million from the sale of the Department of Corrections’ Price building on the Pastore Center and the Ace Building on Howard Avenue, which was assumed to occur in FY 2019.

Properties	Locations	Potential Revenue
Medical Office Building	160 Beechwood Avenue, Pawtucket	
Price Correctional Facility	Goddard Road, Cranston	
Office/Industrial Building	55 Colorado Avenue, Warwick	\$6M - \$10M
Youth Correction Facility, Ace Bldg.	New London, Cranston	
Vacant Group Homes	Various locations	

The 2019 Assembly included some of the proposed savings in the appropriate agency budgets. This includes assuming that the cost of \$2.9 million for Taxation’s information technology system would be supported from new land sales. The capital budget request submitted by the Department assumes the expense for the system. Through December 12, receipts in the fund total \$2.2 million, including \$0.9 million from land sales; these do not appear to be from transactions that the Efficiency Commission had identified.

At the December 2019 Budget Status hearing, House Finance Committee members requested a list of the properties identified for sale in FY 2020 and FY 2021. The same information that was included in the Efficiency Commission's report was included in the administration's response. It should be noted that the last time a major land sale transaction occurred was the sale of the former training school property in August 2015 for \$4.3 million; the Department had assumed the revenues in its budget requests over several years before the sale occurred.

The Governor recommends \$3.9 million more than requested, including \$4.2 million for operating expenses relating to the Enterprise Resource Planning System for human resources, payroll, finance, and grants management. These operating expenses will be reimbursed from internal service fund charges. The Governor proposes legislation requesting authorization to issue \$54.8 million through Certificates of Participation for development and implementation for the system.

Other Information Technology Expenses. The enacted budget includes \$114,000 from federal Victims of Crime Act funds for the Division of Information Technology to maintain the Internet Protocol, which is used to relay data. The request excludes the expense, which the Department subsequently indicates was in error. The request also includes the enacted statewide general revenue savings of \$28,587 from three separate statewide savings initiatives designed to reduce operating costs. *The recommendation includes funding for the Victims of Crime System database, consistent with the enacted budget and it restores the enacted statewide general revenue savings of \$28,587.*

Office of Library and Information Services. The request includes \$3.0 million from all sources to support the Office of Library and Information Services, which works to ensure that all residents will benefit from free and convenient access to library and information resources and services. The request is \$0.4 million more than enacted, including \$146,394 from general revenues and \$225,222 from federal funds. The request includes \$1.6 million to fund the authorized level of 13.0 full-time equivalent positions; however, the request is \$0.1 million more than enacted and the current service level to restore turnover savings assumed from a position that has been vacant for several years.

Operating expenditures of \$1.4 million are \$0.3 million more than enacted, including \$0.1 million 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 enacted budget includes \$560,060; the Department projects expenditures of \$563,353 for FY 2020 and FY 2019 expenditures were \$580,038. 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.

Consistent with the revised request, the request includes an additional \$0.2 million from federal carry-forward funds, which will be used to support innovation and pilot projects in libraries. The request also restores the enacted statewide general revenue savings of \$12,246. *The Governor concurs, with the exception of including \$6,064 less from all sources, reflecting statewide medical savings.*

Office of Accounts and Control. The request includes \$4.7 million from all sources, including \$4.6 million from general revenues to support the Office of Accounts and Control. This is \$35,731 more than enacted, including \$45,399 more from general revenues and \$9,668 less from restricted receipts for administrative expenses of the OPEB system. The request includes \$4.3 million to fund salaries and benefits for 37.0 full-time equivalent positions. It includes benefit rates consistent with FY 2021 planning values and assumes \$0.2 million from turnover savings or \$74,411 more than the amount assumed in the enacted budget. As of the last pay period in November 2019, the Office has one vacancy. The request includes \$0.3 million for operating expenses, \$2,000 less than enacted and is \$46,004 more than FY 2019 expenditures.

The constrained request proposes the creation of an internal service fund for payroll processing. It estimates that approximately 16 full-time equivalent positions in the existing Human Resources Internal Service Fund are performing payroll related duties and would be reallocated into the new unit. Additionally, it assumes 6.0 full-time equivalent positions from Accounts and Control would also be transferred into the new unit. The constrained request assumes general revenue savings of \$221,196 by shifting 30.0 percent of the cost for the positions in Accounts and Control to non-general revenue sources.

The constrained request further increases turnover savings to \$0.3 million and is equivalent to 2.5 vacancies. This is \$0.1 million more than the amount assumed in the request and is \$220,269 more than the enacted budget. *The Governor recommends funding consistent with the constrained request, which assumes the creation of an internal service fund for payroll processing; however, costs for the positions are not included in the billings planned for agency budgets. The recommendation also includes \$16,628 from statewide medical savings.*

Office of Diversity, Equity and Opportunity (1.0 FTE). The Department requests \$1.5 million from all sources, including \$1.4 million from general revenues for staffing and operating costs for the Office of Diversity, Equity and Opportunity. This is \$144,096 more than enacted to primarily reflect funding for a new position. The Department indicates that the new position will serve as a unit chief, providing oversight and coordination of each program's operations and performance. This is consistent with the revised request, which assumes funding to fill the position in January 2020. The enacted budget funds all positions and as of November 23, the office has no vacancies. The request includes \$95,558 for operating expenses. This is \$20,070 less than enacted primarily for outreach advertising and training related activities and is \$1,000 less than the revised request.

The constrained request excludes \$151,069 for the new position as well as the staffing authorization. *The Governor does not recommend funding the new position and includes \$4,670 less from all sources, reflecting statewide medical savings.*

DCAMM - Staffing (2.0 FTE) and Operations. Excluding expenditures for centralized services, the request includes \$2.7 million from general revenues to support the Division of Capital Asset Management and Maintenance. This includes \$2.6 million or \$487,354 more for salaries and benefits than enacted for 15.0 full-time equivalent positions. The request includes \$293,898 to fund 2.0 new interdepartmental project managers. The Department indicates that the positions would be in charge of space allocation and real estate planning. The request includes \$49,227 more to reflect the cost of switching a higher paid position to the division from the Facilities Management Internal Service Fund Program. Consistent with the revised request, the request includes the transfer of the executive secretary of the State Properties Committee from Central Management to the division. This position was previously allocated to the Personnel Appeal Board and the State Properties Committee. The administration indicates that it wants to show the position in the division since the State Properties Committee falls under its purview. Consistent with the enacted budget, the request does not assume any turnover savings. As of November 23, the division has three vacancies.

The request includes \$0.1 million for operating expenses, \$4,585 less than enacted for mileage reimbursement and engineering services. Consistent with the revised request, the request includes the enacted amount of \$0.2 million from statewide savings, it should be noted these savings were not achieved in FY 2019.

The constrained request excludes \$0.3 million from general revenues for the new positions as well as the staffing authorization.

The Governor concurs with the requested amount and increased staffing level, and includes \$1,498 less from general revenues from statewide medical savings.

Central Management (2.0 FTE). Consistent with the revised request, the request includes \$0.3 million from general revenues to fund 2.0 new full-time equivalent positions in Central Management, including \$0.2 million for a position transferred from the Department of Environmental Management to the Department of Health; however, the cost as well as the staffing authorization is included in the Department of Administration. The administration indicates that the reason for the transfer is to promote government efficiency by representing the Department of Health at grievance hearings and improve succession planning and leadership development. The second position is a senior management and methods analyst that the Department indicates will conduct policy and data research, legislative tracking, and oversight of internal communications. Both positions have been filled. *The Governor concurs.*

Other Salaries and Benefits (-1.0 FTE). The request includes \$3.6 million from general revenues for salary and benefit costs for the remaining 31.6 full-time equivalent positions in Central Management and Legal Services. This is \$0.4 million less than enacted, including \$0.2 million from the elimination of a funded but vacant position in Legal Services; the position appears to have been vacant for more than one year. The enacted budget assumes \$45,192 in turnover savings in Central Management; the request assumes \$0.4 million by maintaining a data control clerk and the deputy director positions vacant for the majority of the fiscal year. As of November 23, the aforementioned programs have four vacancies; the request proposes to eliminate one.

The constrained request assumes additional turnover savings of \$0.4 million from general revenues, including \$0.2 million by holding two additional positions vacant, one each in Central Management and Legal Services. *The Governor concurs with the constrained request and includes statewide medical savings of \$12,964 from general revenues.*

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.*

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

Capital - Hospital Consolidation. Consistent with the approved plan, the request includes \$6.7 million or \$6.4 million less than enacted from Rhode Island Capital Plan funds to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The plan calls for renovations to Regan and Benton buildings; forensic psychiatric patients will move from Pinel and Adolph Meyer buildings into the Benton Building. General and geriatric psychiatric patients will be consolidated into the Regan building. The Beazley Building on the Zambarano Campus will be renovated to address safety and security, as well as improvements to the laboratory. Through the reorganization, two buildings will close: Adolph Meyer and Pinel. The Department proposed to demolish these buildings as part of the Pastore Center Demolition project. The total project cost of \$49.9 million includes \$22.0 million from approved Certificates of Participation and \$27.9 million from Rhode Island Capital Plan funds.

The recommendation delays use of \$10.1 million from Rhode Island Capital Plan funds from FY 2020 to FY 2021 and FY 2022 and includes \$12.0 million in FY 2021, which is \$1.1 million less than enacted. The Governor also proposes legislation authorizing additional borrowing of \$12.0 million through new Certificates of Participation to fund increased costs estimated for the project, bringing the total cost to

\$61.9 million. The annualized debt service on the new borrowing would be \$1.0 million assuming 2.75 percent interest and a 15-year term.

Capital - Convention Center Facility. The request includes \$2.0 million from Rhode Island Capital Plan funds to replace the fire alarm system, refurbish elevators and other improvements to the Convention Center Facility. This is consistent with the approved plan and the capital budget request and is \$3.5 million less than enacted to reflect removal of one-time funding to replace the roof. The Authority indicates that preventive maintenance is required in order to maintain the venue to attract and keep customers. The state must pay Convention Center debt service that is not covered by operating revenue. To the extent the Authority sets aside resources for upkeep, its operating deficit grows, increasing the state's debt service costs. *The Governor concurs.*

Capital - Pastore Center Non-Medical Buildings Asset Protection. Consistent with the approved plan, the request includes \$2.0 million or \$2.4 million less than enacted from Rhode Island Capital Plan funds for major maintenance and capital repairs for multiple buildings at the Pastore Center. Work will focus on the following buildings: Benjamin Rush, Hazard, Louis Pasteur, Forand and Center General. The request is \$5.8 million less than the Department's capital budget request, which does not appear to include funding to renovate the Arrigan Center and heating, ventilation and air conditioning system upgrades in the Louis Pasteur building. *The Governor recommends \$4.0 million for FY 2021, which is \$1.5 million less than enacted and \$2.0 million more than the approved plan.*

Capital - Pastore Center Medical Buildings Asset Protection. The request includes \$1.6 million from Rhode Island Capital Plan funds for asset protection projects of medical buildings at the Pastore Center. Funds will be used to renovate a portion of the Mathias Building including improvements to the heating, ventilation and air conditioning system, fire protection and electrical upgrades. The Department indicates that this section of the building was categorized as a Mental Health and Psychiatric Rehabilitative Residence for a population of individuals in the care of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The request is consistent with the approved plan and the capital budget request. *The Governor recommends \$2.0 million from Rhode Island Capital Plan funds for FY 2021, which is \$0.4 million more than enacted and requested for asset protection.*

Capital - Other Projects. Consistent with the approved plan, the request includes \$17.7 million from Rhode Island Capital Plan funds for 27 capital projects. This is \$5.2 million less than enacted and is consistent with the capital budget request; however, it is \$8.7 million less than the request for several projects: Old State House, Energy Efficiency and others. *The Governor recommends \$18.6 million, which is \$4.3 million less than enacted. A detailed description of these projects is included in the Capital Budget section of this publication.*

Other Expenses. The request includes \$0.5 million from general revenues for all other expenses, including \$200 less than enacted for stenographic services. *The Governor concurs and adds \$15,636 to restore the enacted statewide general revenue savings from three separate statewide savings initiatives designed to reduce operating costs.*

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.

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 396.1, 7.0 fewer than enacted or 5.0 more than the revised request. Section 11 of Article 1 of the enacted budget stipulates that no more than 417.0 of the authorized level would be for positions that support internal service fund programs. As of November 23, the Department has 411.5 filled positions supporting internal service fund programs. This is 5.5 positions below the cap.

It should be noted that the operations for information technology services, facilities management and human resources support total \$99.1 million for FY 2020; however, the amount of resources that the enacted budget assumes in agency budgets to support these operations total \$84.6 million, a difference of \$14.0 million. The administration indicates that the revised rates for FY 2020 have not been finalized. It is likely that charges to agencies will increase to support the level of services that are budgeted. This will further impact billings for FY 2021 as requested internal service fund expenditures for the aforementioned services were \$103.4 million. In December 2019, the administration indicates that the rates for FY 2020 were finalized.

Agency Budgets	FY 2018 Reported	FY 2019 Final	FY 2019 Reported	FY 2020 Enacted	FY 2020 Revised	FY 2021 Gov. Rec.
Information Technology	\$ 30.8	\$ 34.9	\$ 33.7	\$ 35.2	\$ 39.7	\$ 39.8
Facilities Management	33.5	36.8	35.2	36.5	38.5	41.7
Human Resources	12.3	13.0	12.7	12.9	14.0	13.0
Total Charges	\$ 76.6	\$ 84.7	\$ 81.7	\$ 84.6	\$ 92.2	\$ 94.5
<i>ISF Budget</i>						
Information Technology	\$ 31.20	\$ 39.10	\$ 39.1	\$ 44.1	\$ 44.1	\$ 49.5
Facilities Management	35.6	38.7	37.5	40.1	40.2	42.8
Human Resources	12.1	13.4	12.1	14.8	13.4	13.9
Total	\$ 78.9	\$ 91.2	\$ 88.7	\$ 99.1	\$ 97.7	\$ 106.3
Difference	\$ 2.3	\$ 6.5	\$ 7.0	\$ 14.5	\$ 5.6	\$ 11.8

\$ in millions

The recommended budget assumes expenditures of \$106.3 million to support the aforementioned programs; the amount assumed in agency budgets to support them total \$94.5 million, a difference of \$11.8 million. The finalized rates for FY 2020 have somewhat reduced the gap between expenditures and resources, as shown in the table above. The rates for FY 2021 have not been adopted.

The Governor recommends 427.0 full-time equivalent positions in both FY 2020 revised and FY 2021 budgets to support internal service fund programs, this assumes an additional 10.0 positions from the authorized level. As of February 1, the Department has 633.1 full-time equivalent positions filled, 14.6 positions below the cap. Of the filled positions, 406.5 support internal service fund programs; 10.5 below the current cap.

Information Technology. The Division of Information Technology provides centralized information technology services to state agencies. The request assumes expenditures of \$46.0 million for FY 2021, which is \$1.9 million more than enacted and the revised request. It assumes staffing of 186.0 full-time equivalent positions, 5.0 more than the revised request. As of November 23, the Division had 171.0 positions filled. According to the Department, expenditures are broken into service categories to calculate a cost of service; from that, rates are developed. Some services include printing, storage, system support, server charges and disaster recovery. The billing rate for FY 2021 has not been established.

Salary and benefit expenses are \$0.5 million more than enacted to primarily include funding for 5.0 new positions. This assumes \$0.2 million less in turnover savings for which the enacted budget included \$0.7 million.

The request includes \$18.9 million for operating expenses, \$1.3 million more than enacted. This includes \$0.6 million more in additional expenditures to support the state's information technology enterprise security. The Department indicates that these will address security audit and assessment findings. The request also includes additional expenditures for information technology support and software maintenance.

The Governor's budget includes authorization for Assembly approval of \$54.8 million through Certificates of Participation to develop and implement an Enterprise Resource Planning System for human resources, payroll, finance, and grants management. The Governor recommends \$3.5 million more than requested, including \$4.2 million for operating expenses for the system. She recommends funding for 2.0 new full-time equivalent positions, 3.0 fewer than requested; salary and benefit expenses are \$0.2 million less than requested, reflecting statewide medical savings and funding for fewer new positions. The recommendation includes \$0.5 million less than requested for software maintenance expenses.

Facilities Management. Facilities Management provides services including property management, grounds keeping and janitorial services for state departments and agencies. It is responsible for 140 state buildings and six court buildings. The FY 2021 request assumes expenditures of \$43.5 million, \$3.4 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 2021 request assumes staffing of 109.5 full-time equivalent positions, 3.0 less than enacted to align currently filled positions. The request assumes \$65,224 in turnover savings, \$0.2 million less than enacted. As of November 23, there were 108.5 full-time equivalent positions filled, one fewer than the request.

The request includes \$30.7 million for operating expenses, \$2.8 million more than enacted and FY 2020 projected expenditures. The request includes \$2.7 million more for janitorial services, \$1.8 million more than enacted. It should be noted that the billing rate for FY 2020 has not been finalized and the Administration has entered into a new three-year contract for janitorial services, effective June 2019. The cost for the three-year contract is \$11.4 million; however, the administration indicates that it will not use all of the services that the contract assumed; the request assumes \$2.7 million. Actual expenditures for janitorial services were \$1.0 million in FY 2019 or \$0.3 million more than the final budget. This includes \$0.2 million more for facilities on the Capital Center and \$0.1 million for facilities on the Pastore Center.

The request includes \$1.0 million for security services, \$0.9 million more than enacted based on the administration's plan to improve safety and security of state facilities. It includes \$450,000 to support 10 temporary employees for 12 months each to assist with facility security for the Office of Healthy Aging, Executive Office of Health and Human Services, and the Departments of Labor and Training, Human Services, Business Regulation, and Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor recommends \$0.6 million less than requested, including: \$0.4 million more for centralized services, offset by \$62,621 less from statewide medical savings, \$0.9 million less for janitorial services, and \$0.1 million less for security services.*

Human Resources. The division provides human resources services to nearly all state departments. Services include employee benefits, payroll, and labor relations. The FY 2021 request assumes expenditures of \$13.9 million, or \$0.9 million less than enacted primarily from salaries and benefits, reflective of FY 2019 expenditures. The request is \$1.8 million less than FY 2019 expenditures; however, it is \$0.5 million more than FY 2020 projected expenditures. The request assumes staffing of 98.0 full-time equivalent positions and as of November 23, the division has 92.0 positions filled. Agencies are billed based on the cost of filled positions.

The request includes \$2.2 million for operating expenses or \$4,200 more than enacted. Of the request, \$1.4 million or 64.5 percent is for the division's share of internal service fund expenditures.

The Governor recommends \$15,115 more than requested, including \$41,746 less from statewide medical savings, offset by \$56,861 more for centralized services. The Governor's FY 2021 budget includes the creation of an internal service fund for payroll processing. Certain personnel from the Office of Accounts and Control who perform payroll related duties would be transferred to Human Resources and the costs of the associated positions would be charged to user agencies. The budget assumes general revenue savings of \$0.3 million for three positions in the Office; however, expenditures for them in the internal service fund budget are not included nor are they included in charges that would be billed to agencies. This will further impact billings for FY 2021.

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 projected FY 2021 expenditures of \$37.0 million or \$0.4 million less than enacted. This includes \$25.6 million for workers' compensation benefits, \$1.2 million less than enacted. The request assumes staffing of 9.9 full-time equivalent positions, 2.9 more than enacted; however, it is 4.0 fewer than historical levels. The Department indicates that pursuant to an agreement with the bargaining unit, it had to retain three positions that the enacted budget assumed would be transferred to the Division of Human Resources. The enacted budget reflects the privatization of the Workers' Compensation Program and it appears that all of the positions that previously supported the program have statutory status, which provides protection during reorganizations or layoffs. The request includes \$1.5 million or \$0.3 million less than enacted for the third party administrator of the program.

The Governor recommends \$0.1 million less than requested, including statewide medical savings and other adjustments for operating expenses.

Central Mailroom. Central mail services provides for inter-agency mail delivery and processing of mail for most state agencies. The FY 2021 request assumes expenditures of \$6.6 million and staffing of 9.0 full-time equivalent positions, one less than enacted based on currently filled positions. The request includes \$0.3 million more than enacted, reflective of agency volume and additional postage and metering. The Department indicates that there will also be a potential surge in postage based on additional need from the Division of Motor Vehicles from license plates reissuance. The request is \$286,028 more than enacted and is \$239,867 more than FY 2019 expenditures. Agencies are billed based on mail processed on their behalf. *The Governor recommends \$6,222 more than requested, including statewide medical savings of \$5,582, offset by \$11,804 more for the program's share of centralized services.*

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 2021 request assumes the authorized level of 7.0 full-time equivalent positions; as of November 23, there was one position vacant. The Department projects expenditures of \$12.7 million, \$1,909 more the enacted budget; however, it is \$226,218 more than FY 2019 expenditures. Agencies are billed based on fuel used, maintenance services provided, insurance costs, and the number of vehicles owned. *The Governor recommends \$981 more than requested, including \$4,019 less from statewide medical savings, offset by \$5,000 more for the program's share of centralized services.*

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 2021 request assumes \$3.5 million or \$43,165 more than enacted based on turnover savings, for which the enacted budget did not assume any. As of November 23, there was one position vacant.

The request includes \$134,365 more for operating expenses, primarily for services provided by Verizon and Cox Communications. Agencies are billed based on the number of lines they have as well as requested maintenance. *The Governor recommends \$57,936 more than requested, including \$3,567 from statewide medical savings, offset by \$61,503 more for the program's share of centralized services.*

Department of Business Regulation

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 2,529,586	\$ 2,529,586	\$ 2,682,881	\$ 3,106,904
Banking Regulation	1,734,819	1,734,819	1,681,203	1,673,925
Securities Regulation	1,098,495	1,098,495	931,031	925,737
Commercial Licensing, Gaming & Athletics	2,086,360	1,980,897	1,966,959	1,959,085
Insurance Regulation	5,931,271	5,997,654	6,314,982	6,126,943
Office of the Health Insurance Commissioner	2,572,277	2,760,011	2,636,480	2,631,572
Board of Accountancy	5,883	5,883	5,883	5,883
Boards for Design Professionals	-	-	-	-
Building, Design & Fire	9,058,702	8,967,677	9,711,791	9,040,528
Office of Cannabis Regulation	1,346,264	1,327,252	1,424,741	4,630,680
Total	\$ 26,363,657	\$ 26,402,274	\$ 27,355,951	\$ 30,101,257
Expenditures by Category				
Salaries and Benefits	\$ 19,140,100	\$ 18,868,929	\$ 19,730,676	\$ 20,496,143
Contracted Services	2,687,857	3,009,067	2,793,506	2,782,999
Subtotal	\$ 21,827,957	\$ 21,877,996	\$ 22,524,182	\$ 23,279,142
Other State Operations	3,891,802	3,902,362	4,133,031	5,308,377
Aid to Local Units of Government	-	-	-	90,000
Assistance, Grant, and Benefits	80,000	112,517	155,000	155,000
Capital	563,898	509,399	543,738	1,268,738
Total	\$ 26,363,657	\$ 26,402,274	\$ 27,355,951	\$ 30,101,257
Sources of Funds				
General Revenue	\$ 17,896,681	\$ 17,815,293	\$ 18,327,300	\$ 18,670,217
Federal Aid	755,788	1,045,501	769,036	768,983
Restricted Receipts	7,144,829	7,030,407	7,711,632	10,389,044
Other	566,359	511,073	547,983	273,013
Total	\$ 26,363,657	\$ 26,402,274	\$ 27,355,951	\$ 30,101,257
FTE Authorization	161.0	161.0	164.6	171.0

Summary. The Department of Business Regulation requests FY 2021 expenditures of \$27.4 million from all funds, including \$18.3 million from general revenues. The request is \$1.0 million more than enacted, including \$0.4 million more from general revenues, \$13,248 more from federal funds, \$0.6 million more from restricted receipts and \$18,376 less from other funds. The Department requests 164.6 full-time equivalent positions, 3.6 more than the authorized level.

The Department did not submit a constrained request, instead it includes \$1.6 million in new revenue enhancement initiatives.

The Governor recommends \$30.1 million from all sources of funds, including \$0.8 million more than enacted from general revenues and 171.0 full-time equivalent positions. The request is \$2.7 million more than requested, including \$0.3 million more from general revenues.

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 \$0.6 and a 5.0 percent target reduction of \$0.8 million.

In lieu of a constrained budget the agency proposed two new revenue initiatives totaling \$1.6 million, \$0.4 million more than necessary offsetting expenditures to meet the target. The revenue initiatives are noted among the following items, described below where appropriate. *The Governor's recommendation is \$1.5 million above the target. It also includes \$0.8 million from new or increased fees.*

FY 2021 Budget	Budget Office		DBR		Difference
FY 2020 Enacted	\$	17,430,457	\$	17,430,457	\$ -
Current Service Adjustments		584,825		584,825	-
New Initiatives		-		35,358	35,358
Change to FY 2020 Enacted	\$	584,825	\$	620,183	\$ 35,358
FY 2021 Current Service/Unconstrained Request	\$	18,015,282	\$	18,050,640	\$ 35,358
Target Reduction/Initiatives		(826,055)		(54,500)	771,555
FY 2021 Constrained Target/Request	\$	17,189,227	\$	17,996,140	\$ 806,913
<i>Change to FY 2020 Enacted</i>	\$	<i>(241,230)</i>	\$	<i>565,683</i>	\$ <i>806,913</i>

Staffing. The Department's FY 2021 request includes 164.6 full-time equivalent positions, which is 3.6 more than the enacted authorization, and 3.0 positions more than the revised request. The 2019 Assembly authorized 160.0 positions for FY 2020, including the removal of 2.0 unfunded positions from the Office of the Health Insurance Commissioner and 2.0 positions from the Division of Building, Design and Fire Professionals, offset by 3.0 new positions for the Office of Cannabis Regulation.

The request makes several changes. It reallocates 3.4 full-time equivalent positions within the Department, adds one position to Insurance Regulation, a partial position to the Division of Building, Design, and Fire Professionals, and restores to the Office of the Health Insurance Commissioner the two positions removed in the enacted budget. Consistent with the revised request, it also upgrades three positions in the Office of the Health Commissioner, adds one position each to that office and the Fire Marshal's office, and reallocates other staff. The request for the State Building Office includes only one position less.

The Department's staffing authorization has undergone several changes. Between 2011 and 2016, the Department often maintained a double-digit vacancy level. The Department reported new recruitment and hiring practices implemented for FY 2017 resulted in significant gains in qualified candidates; FY 2017 demonstrated the fewest vacancies since 2010, and the Department has maintained a roughly 95 percent filled staffing rate since; it has a filled rate of 97.1 percent as of the end of the second quarter of FY 2020.

The Governor recommended 171.0 full-time equivalent positions. This includes eliminating six current vacancies, offset by 1.0 new position for Insurance Regulation, 2.0 new positions for the Office of the Health Insurance Commissioner and 13.0 new positions for the Office of Cannabis Regulation.

Centralized Services. The Department requests \$1.4 million, \$8,147 more than enacted, and \$67 more than the revised request for its share of centralized services. The increase is entirely attributable to the Office of the Health Insurance Commissioner. It adds \$4,847 from general revenues, and \$5,100 from restricted receipts derived from charges to regulated entities, offset by \$1,800 less from federal funds. It should be noted that the Office is also allocating additional expenses to its restricted receipts which are subject to actual collections. If collections are insufficient to cover the Office's proposed expenses, it presents a risk to 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. The state uses internal service funds to reimburse one agency for services provided to another.

The Governor recommends \$0.4 million more than enacted, including \$0.5 million more from general revenues based on Budget Office estimates; through the calculation of these expenses which increase significantly from enacted amounts, is not clear. The general revenue increase includes \$0.3 million for facilities, \$0.2 million for information technology, and \$37,638 for human resources expenditures.

Unachieved Statewide Savings. Consistent with its revised request, the request includes \$17,051 more from general revenues to restore statewide savings proposed in the Governor's FY 2020 budget recommendation from three statewide savings initiatives designed to reduce operating costs. The enacted budget included savings of \$41,438 from an initiative to reduce the cost of certain commodities, \$1,388 from a prompt payment initiative, and \$433 from insurance. Offset by existing appropriations the net reduction totaled \$30,612 for FY 2020. The savings allocated to Central Management included \$19,548 from cost reductions and prompt payments; the Department had requested expenditures of \$2,497 which were eliminated to achieve these savings; for a net reduction of \$17,051, more than half of the Department's total savings. *The Governor's recommends the enacted level of funding.*

Office of the Health Insurance Commissioner

Staffing Upgrades. Consistent with the revised request, the Office requests \$116,714 from all sources of funds, including \$63,023 more from general revenues to upgrade three positions from its existing authorization of 11.0 full-time equivalent positions. The request upgrades two Principal Policy Associates and a Deputy Executive Assistant/Communication position assumed in the enacted budget.

The first of these upgrades was effective prior to the end of FY 2019, and resulted in part to the Office's overspending for staff from its restricted account which is charged to health care entities as a regulatory fee. The remaining Principal Policy Associate and a Deputy Executive Assistant/Communications position have been upgraded as of the pay period ending October 26, 2019. *The Governor recommends \$332 less the requested to reflect statewide medical benefit savings.*

Risk Bearing Oversight. Consistent with its revised request, the Office requests the use of \$0.2 million from federal funds for staffing associated with the oversight of risk-bearing provider organizations. It allocates \$166,617 to the Executive Office of Health and Human Services. The memorandum of understanding includes an agreement, subject to semi-annual certification, to cover the cost of the position. It should be noted the agreement can be terminated at any time by either party. The Office's budget does not include any additional funding for the position and the Executive Office's budget assumes a full year of funding. The memorandum stipulates the Executive Office will allocate \$150,000 to the Office for the fiscal year, which appears to be \$16,617 less than the Executive Office's liabilities assumed in the request. That variance is \$2,438 more than assumed in the revised request.

The memorandum also requires the Office to draft legislation to codify the Risk Bearing Oversight function in state law. The Office does not have independent authority to conduct these activities; it does conduct these examinations for Medicaid entities pursuant to an agreement with the Executive Office. The Office requested legislation to be submitted during the 2019 legislative session to provide the Office regulatory oversight between healthcare service providers and insurers with respect to responsibility for cost overruns above a contractually agreed upon level. It was not enacted. The Office and the Executive Office had entered into a memorandum of understanding prior to the Governor's FY 2020 budget recommendation which included funding for a Risk Bearing Provider Organization analysis in the Office. The funding was not included in the FY 2020 recommendation. The Office reported that it was determined the funding was to remain in the Executive Office's budget. *The Governor's budget includes funding as requested.*

Federal Grants. The request includes \$12,836 to partially fund 1.0 full-time equivalent position. This is \$0.3 million less than enacted from federal funds to reflect the closure of federal Health Insurance and Consumer Protection, State Flexibility, and State Innovation Models grants. It also includes \$100 for audit expenses. The enacted budget assumes 2.0 existing positions were funded from these sources; the request allocates one to restricted utilization review resources, and funds for the remaining position for approximately two and a half pay periods. State Innovation Model staff funding was removed from the enacted budget because a grant extension was not granted. The staff member associated with that grant has been cost allocated to the Executive Office of Health and Human Services, however, the Office retains the staffing authorization. *The Governor recommends funding essentially as requested.*

Director of Consumer Protection/Education Programs (1.0 FTE). The Office requests \$139,929 from restricted receipts for a new position to monitor, report and coordinate market analysis and investigation prior to procuring a market conduct examination contractor. The position is intended to ensure insurer compliance of document submission, and establish a complaint tracking process for a variety of functional areas, including network adequacy. *The Governor's recommendation concurs with this request and includes \$1,215 less than requested to reflect statewide medical benefit savings.*

Senior Policy Analyst (1.0 FTE). The Department requests \$0.2 million from general revenues for a new Senior Policy Analyst position to support the Office's behavioral health and opioid use treatment priorities established in current law. These statutes require cost-sharing requirements of behavioral health services regardless of the provider's licensure, and stipulates cost-sharing for those services be consistent with primary care visits. The Office is also required to direct insurers toward policies and practices which ensure behavioral health coverage similar to other care and enhance behavioral service coverage to the fullest extent possible, as part of its insurance oversight. By June 1, 2023, the Office is also required to report to the Assembly on the impact of these provisions and the effect on insurance premiums. *The Governor recommends the new position, but provides restricted opioid stewardship funds in lieu of general revenues and includes \$7,681 of statewide medical benefit savings.*

OHIC - RI REACH. The Office requests \$516,264 from all sources, of which \$100,000 is from federal matching Medicaid funds, to support its Rhode Island Parent Information Network contracted support. This includes at least 6.0 full-time equivalent positions for Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline, operated by the Network, and 1.0 full-time equivalent position providing direct support to the Office. The request double counts the Office's requested \$10,507 general revenue increase, consistent with the 2.5 percent annual inflator assumed in the Office's contract. The FY 2020 request included \$360,250, \$10,750 more than enacted, from general revenues, and \$100,000, \$30,000 more than enacted from federal funds. The 2019 Assembly reduced the general revenue request by \$30,000 to reflect a higher than requested federal reimbursement rate, consistent with FY 2019 actual reimbursements. For FY 2019, the Office's expenses were \$372,901 from general revenues and \$120,247 from federal reimbursement funds.

The helpline serves as the Office's designated health insurance consumer assistance program, through a live-answer toll-free helpline. The 2018 Assembly approved the Governor's recommendation to provide additional general revenues, and shifted \$70,000 of the expense to available federal Medicaid matching funds. Actual FY 2018 Medicaid offset collections totaled \$136,811. The FY 2020 request reflected the minimum achievable reimbursement in accordance with the consultant's report of decreased reimbursable expenses. The revised request includes the same amount, despite each of the prior years exceeding that reimbursable amount. The helpline has operated since FY 2014, and was federally funded through FY 2016. It was entirely general revenue funded for FY 2017. *The Governor's recommendation concurs with the request, but excludes \$10,507 to correct for the inadvertent double counting of these funds*

OHIC - Other Personnel and Operations. The Department requests \$1.6 million from all sources, including \$1.1 million from general revenues. The request includes \$0.1 million less than enacted,

including \$78,867 less from general revenues and \$45,668 less from restricted receipts. This supports the Office's remaining 9.0 full-time equivalent positions, excluding those previously discussed.

The staffing request includes \$78,867 less from general revenues to support 6.0 full-time equivalent positions, including an administrative position vacated prior to the removal of two positions in the enacted budget, and \$53,968 less from restricted receipts charged to regulated entities to fund the authorized 3.0 full-time equivalent positions, but excludes a high-cost position due to an exit from state employment. All other expenses include \$68,817 or \$3,453 more than enacted to align certain expenditures with the prior year and add \$8,500 from restricted receipts for annual maintenance of a Constituent Management Portal developed using both federal and restricted funding. It should be noted the Office has historically underspent its operational expenses, and sufficient funding appears to exist within its resources. *The Governor recommends \$1,680 less than requested to reflect statewide medical benefit savings.*

Revenue Enhancement - 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. Estimated revenues, totaling \$0.3 million, 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 in prior years, but not recommended by the Governor. It should be noted the rate requested is significantly higher than originally proposed for FY 2020.

The Governor proposes Article 20 of 2020-H 7171 which would require all entities offering, administering, insuring, or self-insuring health insurance coverage to annually pay up to \$1 per covered life, excluding lives insured by government-provided or government-employer sponsored insurance. Beginning October 1, 2020, the assessed amount for each fiscal year will be established with payments due by January beginning in 2021. The article establishes a restricted receipt account for the Executive Office of Health and Human Services in conjunction with the Office of the Health Insurance Commissioner to support data analysis of healthcare claims. At the maximum allowable fee, the assessment would generate \$0.6 million annually. The budget anticipates \$154,000 of expenditures based on timing of expected receipts. However, subsequent to the budget submission, the Budget Office noted it inadvertently excluded the expenditures.

Building, Design, and Fire Professionals

Fire Marshal Upgrades. The Department requests \$0.2 million to upgrade positions within the Fire Marshal's Office. The enacted budget assumed \$2.1 million from general revenues to provide support for 25.0 full-time equivalent positions, excluding the reimbursement for Quonset Development Corporation support. A public hearing held prior to the close of FY 2019 proposed upgrades to eight titles within the Office, associated with 25.0 of the Office's 31.0 full-time equivalent positions. The FY 2021 request includes \$2.2 million to provide support to 24.0 full-time equivalent positions, excluding the Principal Economic and Policy position discussed separately. It should be noted that the request appears to assume a full year of funding for both a fire investigations chief, and its reclassified title Fire Investigator IV. The fire investigation position has been vacant since mid-January 2019. There should be savings equivalent to one of those positions, or some portion thereof. *The Governor recommends \$5,446 less than requested to reflect statewide medical benefit savings.*

Principal Economic and Policy Analyst. Consistent with the revised request, the Department requests \$0.1 million from general revenues, \$5,815 more than the revised request, for a new Principal Economic and Policy Analyst position not assumed in the enacted budget. The Department reclassified a Deputy chief position to a Principal Economic and Policy Analyst during FY 2019 to reflect the individual's administrative duties. The enacted budget assumes 2.0 Deputy Chief Fire Marshal positions and the request assumes these positions in addition to the Principal Economic Policy Analyst. *The Governor recommends \$4,590 less than requested to reflect statewide medical benefit savings.*

Fire Marshal Salaries and Benefits. The Department requests \$3.6 million for all other staffing expenditures, including \$3.5 million from general revenues, and \$72,983 from Quonset Development Corporation funding. The request is \$39,781 more from all funds, including \$37,997 from general revenues. The request supports the base staff expenditures for 37.0 full-time equivalent positions, including 3.0 for the Fire Training Academy, 3.0 for the Fire Safety and Inspection and Review Unit, 1.0 for Quonset, with the remainder of the positions allocated to the Fire Marshal's Office. The request includes \$0.2 million for overtime expenses, and excludes any turnover savings. It should be noted that the Office has maintained one vacancy from the beginning of FY 2020 to the November 23, 2019 pay period. *The Governor recommends \$1,242 less than requested to reflect statewide medical benefit savings. She also excludes turnover savings.*

Fire Marshal Operations. The Department requests \$1.8 million, \$0.3 million more than enacted, including \$0.1 million less from general revenues, offset by \$0.3 million more from federal grant funds and \$75,000 more from restricted Fire Training Academy fees. The general revenue reduction reflects the end of repayment of a loan to the fleet revolving loan fund. The federal fund request is essentially consistent to the Department's revised request, except for an additional \$200,000 from the federal Assistance to Firefighters grant for a total of \$0.5 million. The Fire Training Academy fees serve as the state match for the federal grant. The Department reports the request is in anticipation of future awards not yet received. *The Governor recommends \$10,145 more from general revenues for training related to the newly promulgated building code regulations which became enforceable November 1, 2019. The revised request includes \$30,000 in the State Building Office to train state and local building officials.*

Capital. The Department requests \$0.5 million, \$20,160 less than enacted from Rhode Island Capital Plan funds. This includes \$100,000 for capital asset protection projects, \$75,000 for an auditorium addition to the Fire Academy, \$150,000 towards an evidence repository, and \$150,000 for new simulators for the Fire Training Academy.

The Governor recommends \$100,000 each for the evidence repository and asset protection projects. A detailed description of the projects is included in the Capital Budget section of this publication.

State Building Office (-1.0 FTE). The Department requests \$3.1 million, which is \$76,571 more than enacted from all sources of funds for the State Building Office. The request is \$37,806 less from general revenues and \$114,377 more from restricted receipts to support 22.0 full-time equivalent positions in the State Building Office, which is only one position less than the authorized level.

The Governor's recommended budget assumed statewide general revenue savings of \$10.0 million to be identified by an Efficiency Commission that was established by Executive Order on February 21, 2019. For the Department of Business Regulation, the Commission's recommendation included consolidating the Contractors' Registration and Licensing Board and the State Building Code Commission into a new State Building Office. The Efficiency Commission recommendation eliminated 2.0 positions to generate general revenues savings of \$0.3 million for FY 2021. It also assumed that three titles filled by five employees would be filled at a lower level to ameliorate a known restricted receipts funded solvency issue. The request includes \$0.2 million of general revenue savings, or \$36,117 less than assumed in the enacted budget. With respect to the restricted-funded positions, one was downgraded, two were upgraded, and one position is unchanged in the request. The request adds two newly requested positions; a fiscal clerk position which would represent a downgrade from a currently filled position excluded in the request, and a new productivity project director position which would be an upgrade compared to the unchanged position. The Department's estimated revenues are inconsistent with historical collection patterns, and demonstrate the State Building Office operating at a deficit.

The Governor recommends \$0.3 million less than requested, including \$0.3 million more from general revenues. This includes \$90,000 to print new building code books, and \$0.2 million more for staffing,

effectively reversing the Governor's FY 2019 initiative adopted in that budget to save state funds by using restricted receipts for these positions.

Other DBR

Office of Cannabis Regulation. The Department requests \$1.4 million, \$0.1 million more than enacted from restricted receipts, to fund the authorized level of 7.0 full-time equivalent positions, and operations associated with regulation and oversight of the state's medical marijuana and industrial hemp programs. The staffing request does not assume any turnover savings.

The Office's sole vacancy is its director position, though it had another position vacant through the pay period ending December 7, 2019. The request assumes the use of different positions than allocated to the Office in the enacted budget, which increases staffing expenses by approximately \$35,000. The Department includes the enacted amount for all remaining operations, including \$0.3 million for software expenses carried annually until the contract deliverables are met. Expenses in the Office have historically been significantly overstated and it appears savings are available. *The Governor recommends \$3,216 less than requested to reflect statewide medical benefit savings.*

Adult Use Marijuana (13.0 FTE). The Governor's FY 2020 budget included legislation to establish the authorization and regulation of an age 21 and older adult-use marijuana program. The regulation of all programs was 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 assumed revenues of \$4.9 million from the legalization of marijuana and hemp product expansion. The Assembly enacted Article 15 of 2019-H 5151, Substitute A, as amended, which established the Office of Cannabis Regulation to centralize the regulation of cannabis products. It amended the state's existing hemp cultivation laws to allow for the production of hemp-derived CBD consumable products and established distributor and retailer licenses. It does not concur with the remainder of the recommendation.

The Governor's budget again includes legislation to establish the authorization and regulation of an age 21 and older adult-use marijuana program; it includes \$3.2 million from restricted receipts, of which \$1.4 million is for salaries and benefits. It adds 13.0 positions in support of the program. The recommendation also assumes use of \$1.7 million for expenditures in the Departments of Health, Public Safety, and Behavioral Healthcare, Development Disabilities and Hospitals. The Governor's budget assumes \$21.8 million in new revenues. This includes \$21.1 million from splitting retail sales revenues, net of wholesale procurement costs, among the contractors, municipalities and the state. The proposed revenue split would be 29.0 percent to retail contractors, 10.0 percent to municipalities, and the state would retain the remaining 61.0 percent, to be deposited as general revenues; though it should be noted that program expenses are also drawn from that state share but are assumed to be restricted receipts, and there does not appear to be a limitation on what expenses qualify.

Insurance Regulation (3.0 FTE). The Department requests \$296,447 from general revenues for 3.0 more full-time equivalent positions than the authorized level for the Insurance Regulation division. This includes \$0.2 million for 2.0 new Insurance Examiners, for a total of 8.0 Insurance Examiners, and \$0.1 million for a legal counsel position not assumed in the enacted budget. The revised request shifts an examiner position from Banking Regulation to Insurance Regulation, consistent with its current level of staffing, and also includes the new legal counsel, which is currently filled.

The Insurance and Banking Divisions are similar in the way that they charge the entities they regulate for the examinations which are performed. The divisions' bill examined entities for the actual hours spent on each company examination. Assuming the change to the proposed examiner positions, the request is estimated to result in a revenue increase of \$245,799. The net impact to the state is a reduction of available resources of \$50,648. *The Governor recommends \$0.2 million less and 2.0 fewer positions than requested,*

but \$53,045 more than enacted. The recommendation adds \$47,877 more from general revenues and 1.0 full time equivalent position.

Ombudsman. The Department's request includes \$0.2 million, \$2,360 more than enacted from general revenues to support the Small Business Ombudsman, consistent with the intent of the enacted budget. The Governor's FY 2020 budget recommendation transferred the authorization for the Small Business Ombudsman from the Office of Regulatory Reform in the Department of Administration to the Department of Business Regulation. The 2019 Assembly concurred and shifted \$0.2 million from the Commerce Corporation's annual appropriation to the Department to align the position funding and authorization. The Department requests to reallocate the position between divisions, assigning the Ombudsman to the Director's office. *The Governor recommends funding as requested.*

Other Salaries and Benefits (-2.4 FTE). The Department requests \$9.7 million from all sources of funds for its remaining 80.6 full-time equivalent positions, excluding positions previously discussed. This includes \$0.3 million less from general revenues, and \$3,270 more from restricted receipts. The request reduces the Banking Regulation and Securities Regulation divisions by 2.0 full-time equivalent positions, and corrects the assumed allocation of a position which is partially funded in the enacted budget. The request restores and excludes any assumed turnover savings. *The Governor recommends \$0.2 million less than enacted from all sources of funds, primarily from general revenues. The recommendation is \$29,891 more than requested to reflect updated staffing projections.*

Actuarial Services. The Department requests \$1.8 million from restricted receipts, \$0.1 million more than enacted, and \$77,400 more than the revised request for the costs of actuaries for the Insurance Regulation division, and Office of the Health Insurance Commissioner. The Department has five vendors. Those contracts include a 5.0 percent inflator each year and are in effect through June 30, 2020; however, the increase represents 4.4 percent. The need for actuarial costs has historically been overstated. The Department has not exceeded \$1.1 million in any of the last five years and likely has sufficient resources to cover its expenses. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.6 million from all sources of funds for all other expenses. The request includes \$10,000 more from general revenues. The request is for operational expenses which the Department reports are underfunded. It should be noted that the Department typically uses savings from other areas to cover these expenses, however, none of those savings are identified to be reallocated. *The Governor recommends funding as requested.*

Revenue Enhancements. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Department proposes to change the Fire Marshal Plan Review fees such that they align with the building code fees in place during FY 2019. The Department reports that the Fire Marshal collected \$0.1 million, and had the fees been aligned, collections are estimated at \$2.3 million. The Department also reports that the building code fees are going to increase when the newly promulgated regulations take effect.

The Governor's budget includes Article 6 which raises the review fees in the five-tier structure for new construction based on the project costs. The first three tiers include costs under \$2,000. Each increases by \$10, to \$35, \$45, or \$55. The top two tiers include a base fee, plus an additional amount per \$1,000. For projects between \$2,000 and \$0.5 million, the increase is \$10, plus an additional \$1 per \$1,000. This totals \$55 plus \$7 per \$1,000. For amounts in excess of \$0.5 million, the increase is \$259 plus \$2.75 per \$1,000, totaling \$3,292 plus \$6.75 per \$1,000. It also increases the inspection fee charged by the Fire Marshal's Office by \$150, to \$250, and makes technical changes to clarify when payment is due. The Governor's budget assumes \$0.6 million of new revenues from these changes. Her recommendation for the Fire Marshal adds \$0.6 million of expenditures, about half of which is from general revenues.

Executive Office of Commerce

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Executive Office of Commerce	\$ 1,921,663	\$ 1,921,121	\$ 2,154,361	\$ 2,642,830
Housing & Community Dev.	23,206,530	19,978,734	21,054,223	24,763,937
Quasi-Public Appropriations	21,568,258	21,568,258	29,487,236	24,872,258
Commerce Programs	1,200,000	1,200,000	2,400,000	2,072,000
Economic Dev. Initiative Funds	12,100,000	12,100,000	34,700,000	26,100,000
Total	\$ 59,996,451	\$ 56,768,113	\$ 89,795,820	\$ 80,451,025
Expenditures by Category				
Salaries and Benefits	\$ 2,049,603	\$ 2,068,081	\$ 2,356,297	\$ 2,350,151
Contracted Services	-	-	-	-
Subtotal	\$ 2,049,603	\$ 2,068,081	\$ 2,356,297	\$ 2,350,151
Other State Operations	417,617	419,028	417,617	730,041
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	22,697,723	19,449,496	20,471,420	20,959,179
Capital	10,453,250	10,453,250	16,903,250	13,513,250
Capital Debt Service	-	-	-	-
Operating Transfers	24,378,258	24,378,258	49,647,236	42,898,404
Total	\$ 59,996,451	\$ 56,768,113	\$ 89,795,820	\$ 80,451,025
Sources of Funds				
General Revenue	\$ 28,181,129	\$ 28,179,484	\$ 53,720,150	\$ 44,264,097
Federal Aid	17,611,003	14,384,462	15,421,351	15,421,017
Restricted Receipts	4,754,319	4,754,167	4,754,319	8,255,911
Other	9,450,000	9,450,000	15,900,000	12,510,000
Total	\$ 59,996,451	\$ 56,768,113	\$ 89,795,820	\$ 80,451,025
FTE Authorization	14.0	14.0	14.5	15.0

Summary. The Executive Office of Commerce requests total expenditures of \$89.8 million for FY 2021, including \$53.7 million from general revenues, \$15.4 million from federal funds, \$4.8 million from restricted receipts, and \$15.9 million from other sources. The request is \$29.8 million more than the enacted budget, including \$25.5 million more from general revenues. The Office requests 14.5 full-time equivalent positions, 0.5 positions more than the authorized level.

The Governor recommends \$80.5 million from all sources of funds, which is \$20.5 million more than enacted, including \$16.1 million from general revenues and staffing of 15.0 full-time equivalent positions, one more than the authorized level. General revenue expenditures are \$9.5 million less than requested.

Target Issues. The Budget Office provided the Office with a general revenue target of \$42.4 million. The amount includes current service adjustments of \$15.0 million and a 5.0 percent target reduction of \$0.8 million, adjusted for certain exclusions.

FY 2021 Budget	Budget Office	Exec. Office of Commerce	Difference
FY 2020 Enacted	\$ 28,181,129	\$ 28,181,129	\$ -
Current Service Adjustments	15,014,643	15,051,233	36,590
New Initiatives	-	10,487,788	10,487,788
Change to FY 2020 Enacted	\$ 15,014,643	\$ 25,539,021	\$ 10,524,378
FY 2021 Current Service/Unconstrained Request	\$ 43,195,772	\$ 53,720,150	\$ 10,524,378
Target Reduction/Initiatives	(754,443)	(11,278,821)	(10,524,378)
FY 2021 Constrained Target/Request	\$ 42,441,329	\$ 42,441,329	\$ -
<i>Change to FY 2020 Enacted</i>	\$ 14,260,200	\$ 14,260,200	\$ -

The constrained request is consistent with the Budget Office target; however, it does so in part by eliminating \$140,000 of pass-through funding required by Rhode Island General Law, Section 42-64-13.1(e), without a plan to identify how the statutory requirement will be met. *The Governor's recommendation is \$1.8 million more than the target.*

Centralized Services. The Executive Office requests the enacted amount of \$0.2 million from general revenues for its share of centralized services. This request includes \$0.2 million for facilities management, \$23,985 for human resources and \$33,922 for information technology services.

The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The state uses internal service funds to reimburse one agency for services provided to another. The request is \$6,522 more from general revenues than actual FY 2019 expenditures. This represents \$7,162 more for facilities management, \$3,563 more for human resources, and \$4,233 less for information technology support. *The Governor recommends \$0.2 million more than enacted, nearly of which is general revenues for facilities expenses for the Office of Housing and Community Development based on updated billing rates for Harrington Hall.*

I-195 Redevelopment Fund. The Executive Office requests \$5.0 million from general revenues for real estate development incentives for construction on former I-195 land. The 2015 Assembly created the I-195 Redevelopment Project Fund, to be administered by the I-195 Redevelopment 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 \$25.0 million as of December 2019, of which \$15.3 million has been disbursed as of November 19, 2019.

During FY 2017, Wexford Science and Technology was awarded \$19.8 million, or 70.7 percent of all appropriated funds and 79.2 percent of all awarded funding. The Commission has also essentially approved to itself during the FY 2017 to FY 2020 period, \$4.0 million for infrastructure improvements, including burying National Grid power lines, screening a nearby transformer yard, and adding walkways between the nearby South Station Landing, city walkways, and new parks. That also includes funding for art installations, streetscape improvements, activity programming, and parks management and infrastructure including benches and refuse receptacles. During FY 2019, it also awarded \$0.8 million from the Fund, and lowered the associated land cost to \$1.0 million for the Aloft hotel project originally proposed as part of the Wexford Development. As of December 2019, the estimated available funding is \$3.2 million.

The 2019 Assembly extended the program's sunset date from June 30, 2020, to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

As part of its constrained request, the Executive Office removes this funding. *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 to the end of 2023.*

Rebuild Rhode Island Tax Credit. The Executive Office requests \$25.0 million, \$15.0 million more than enacted, for the Rebuild Rhode Island Tax Credit program, a real estate development tax credit for qualified construction. The enacted budget includes \$10.0 million for FY 2020 in addition to the enacted appropriations for FY 2016 through FY 2019 period which totaled \$49.7 million to provide funding for tax credits to be redeemed over time. As of November 2019, the Executive Office reports it has disbursed \$2.2 million since it began awarding projects in FY 2016.

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 program also includes the option to offer a sales and use tax exemption. The 2019 Assembly amended the program to facilitate the inclusion of historical projects, including exempting certain projects from minimum size and project cost requirements. It also raised the program cap to \$210 million, subjecting the sales and use tax exemptions to that cap, and have it paid by the fund. It also establishes a project-specific cap of \$25.0 million for the project proposed for parcels 42 and P4 of the I-195 Redevelopment district, and excludes that project from the program cap.

Projects that include historical structures, affordable housing, public transit, and other factors may receive increased credits, at the discretion of the Commerce Corporation. As of December 2019, the Commerce Corporation has 36 active approved awards, valued at an estimated \$146 million inclusive of the sales and use tax exemptions, adjusted for certain agreements.

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; current project credits are estimated to be redeemed through at least FY 2036. The 2019 Assembly extended the program's sunset date from June 30, 2020, to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

The Governor recommends \$22.5 million to bring total funding to \$82.2 million. The Governor also includes Article 11 of 2020-H 7171, which proposes to reduce the maximum tax credit available to 15.0 percent, for projects that do not include a recognized historic structure or where infrastructure costs are less than 20.0 percent of project costs and increases the program to \$250.0 million. For projects meeting those criteria, awards remain up to 20.0 percent. Recognized historic structures are defined in existing law; what qualifies as infrastructure costs remains undefined. It also proposes to extend the sunset to the end of 2023.

Industry Cluster Grants. The Office requests \$500,000 from general revenues 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 Assembly has provided \$1.5 million since the program's inception in 2015. The request is to provide additional resources to the program; it has awarded \$1.2 million as of December 2019, with \$286,360 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 last awarded \$85,000 in July 2018. It has disbursed \$1.1 million, or \$27,774 less than it has awarded as of November 2019. The 2019 Assembly

extended the program's sunset date from June 30, 2020 to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

The constrained request excludes this funding. *The Governor recommends \$150,000 less than requested. She also includes legislation to extend the sunset to the end of 2023.*

Innovation Initiative. The Executive 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. Network matching grants are available for specified industries for technical assistance or access to capital. The 2017 Assembly amended the legislation to allow awards made to small business manufacturers to support internal research and development. The 2019 Assembly extended the program's sunset date from June 30, 2020 to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

The program has averaged about 22 awards each year under this program, of which 18 are voucher awards. As of December 16, 2019, the Corporation has awarded seven vouchers and one matching grant for FY 2020. The program made a total of 90 vouchers to 66 recipients, including 13 awards totaling \$0.1 million, with awards averaging \$46,729. It has also awarded 16 matching grants to 11 recipients averaging \$161,125, including one recipient with three awards totaling \$500,000 and one with two awards totaling \$345,000. As of November 19, 2019, the Corporation has paid out \$2.6 million for vouchers awarded 69.1 percent of awarded voucher funding, and \$1.9 million of the awarded matching grant funds.

The FY 2016 through FY 2019 enacted budgets provided total appropriations of \$5.5 million. The 2019 Assembly provided an additional \$1.0 million for FY 2020. The program has received total appropriations of \$6.5 million; the Corporation awarded \$5.7 million against it as of December 2019, leaving \$0.8 million available. The Corporation 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 Governor includes funding as requested and legislation to extend the sunset to the end of 2023.*

P-Tech Initiative. The Executive 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; no new programs have been established since FY 2017 despite having resources for five programs; this request would support six new programs. The 2019 Assembly extended the program's sunset date from June 30, 2020 to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

The Commerce Corporation Board of Directors approved funding to three districts in FY 2016, Newport, Providence, and Westerly, 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 \$2.5 million appropriated since the program's inception. The Corporation allocates expenses for program administration to support Corporation staff.

The requested funds are equivalent to one new program. For FY 2020, after accounting for the Corporation's annual administrative allotment, the program is estimated to have over \$1.0 million of available resources, or five new programs given the awards total \$0.2 million.

The Governor recommends funding as requested and proposes to extend the sunset to the end of 2023.

Main Street Streetscape Improvement Fund. The Executive Office requests \$1.0 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 2019 Assembly extended the program's sunset date from June 30, 2020 to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

The 2015 Assembly and 2016 Assembly appropriated \$1.0 million in each year, and the 2017 Assembly and 2018 Assembly each included an additional \$0.5 million, for a total of \$3.0 million. The Corporation did not award any funding in FY 2018 despite having \$0.5 million available. During October 2018, the Governor announced the third round of grants awards, though it should be noted that the Corporation's Board did not approve the awards until three weeks after the announcement. As of November 19, 2019, the program has awarded 98.4 percent of its funding to 25 projects and disbursed \$0.3 million or 9.3 percent of all appropriated funds to four projects.

The Executive Office's constrained request excludes this funding. *The Governor does not recommend new funding, but includes legislation to extend the sunset to the end of 2023.*

Small Business Promotion. The Executive Office requests \$0.5 million from general revenues, \$0.2 million more than enacted, to support the small business promotion program known as SupplyRI. The Corporation approved the program in December 2017 with a \$325,000 budget, assuming no state funding. The 2018 and 2019 Assemblies each provided \$300,000 to support the program.

In support of its original request, the Executive 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 Executive Office's constrained request excludes this funding. *The Governor includes the enacted level of funding.*

Small Business Assistance. The Executive Office requests \$1.5 million, \$1.0 million more than enacted for the Small Business Assistance Program authorized by the 2015 Assembly. Originally capitalized with \$5.5 million made available from debt restructuring, the program supports businesses with less than 200 employees that are having difficulty obtaining financing from traditional lending organizations.

Loanable funds are capped at \$750,000. The 2018 Assembly amended the program to increase the amount reserved for microloans from 10.0 percent to a range between 10.0 percent and 25.0 percent and extended the sunset provision until June 30, 2020. The 2019 Assembly provided an additional \$0.5 million to recapitalize the program, and further extended the sunset date to December 31, 2020.

The program capitalizes third-party lenders, including those with expertise in microloans, to provide access to capital. State funds are leveraged to provide access to additional lenders' funds or provide technical assistance. As of November 2019, the Corporation reports \$3.4 million has leveraged \$15.4 million for 150 loans, of which 115 are closed, three have been repaid and \$1.8 million of funding remains available.

The Executive Office's constrained request is for the enacted level of \$0.5 million. *The Governor recommends \$750,000 and includes legislation to repeal the sunset provision.*

Other Commerce Programs

Wavemaker Fellowships. The Executive Office requests \$2.4 million, double the enacted level 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 \$1.6 million, and based on utilization through November 2019, the request reflects funding for two new cohorts, and partial year funding of a seventh cohort. The estimate assumed full utilization of awards, which is inconsistent with the experience of the cohorts which have begun to utilize Fellowship awards funds.

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 awarded four, two-year cohorts of 208, 219, 240 and 153 fellowships for the FY 2016 through FY 2019 period. The program was provided \$7.3 million in total funding across the FY 2016 through FY 2020 enacted budgets, and awarded \$6.2 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 \$1.1 million in uncommitted funding from which to make awards to a fifth cohort beginning in FY 2022; more funds may be available if the current awards pay out at less than their maximum awards. The 2019 Assembly extended the program's sunset date from June 30, 2020 to December 31, 2020. The Corporation may not enter into any agreement for funding or incentives after that date.

The Executive Office's constrained request excludes the additional funding. *The Governor recommends \$2.1 million to bring total funding to \$9.4 million. The Governor also includes Article 10 of 2020-H 7171, which proposes to define eligible businesses to include a variety of financial industry institutions, federal agencies, and pass-through entities. It is also makes eligible "high-demand STEM" teachers of an elementary or secondary school, as further defined by the education commissioner in conjunction with the Commerce Corporation; it limits the number of awards to teachers to 100, such that the total does not exceed 25.0 percent of awards issued in a calendar year. It also proposes to extend the sunset to the end of 2023.*

Quasi-Public Appropriations

Commerce Corporation Operations. The Executive Office requests \$8.0 million, \$0.6 million more than enacted from general revenues, for Commerce Corporation's operations. 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 \$5.8 million in FY 2019, \$6.4 million in FY 2018, and \$4.9 million in FY 2017. This is reflective of the changes in the distribution formula between those years.

The Corporation's budget includes base funding of \$6.9 million to support salary and benefit costs for 61.0 full-time equivalent positions. This reflects \$0.4 million more for cost-of-living increases, consistent with recent increases for state employees, and approximately \$0.2 million more for two new positions, one for

opportunity zone activities, the other for compliance activities. The Corporation's budget also includes \$3.8 million for operational expenses of its Business Development, Client Services, Financial Services, Investments, and Marketing and Communications activities.

The Executive Office's constrained request excludes the additional funding. *The Governor recommends \$54,000 more than enacted.*

I-195 Redevelopment District Commission. The Executive Office requests \$1.7 million, \$0.9 million more than enacted 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.

Pursuant to Rhode Island General Law, Section 42-64.14-8, the Commission is authorized to assess fees for services or commodities supplied by the Commission, provided that it disburse to the City of Providence one-half of such fees collected or one-half of such fees the city would have received from the project. The Commission approved a fee schedule during a public hearing on August 28, 2018, of 1.4 percent of building costs. The Commission has also instituted third-party fees for some services during the Commission's review process. The request includes \$0.1 million more for a parks management position, \$0.3 million more for legal and design expenses related to Special Economic Development District Provisions of Article 12 of H-5151 Substitute A, as amended, and \$0.5 million more to operate the parks on parcels P2 and P4 in the district. The Commission reports it cannot open the parks fully without additional support. *The Governor's recommendation includes \$130,000 more than enacted for operating support.*

Polaris Manufacturing Extension Partnership. The Executive 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 Executive Office and the Commerce Corporation by gathering industry-specific information to inform policy initiatives.

The Governor's recommendation includes \$50,000 more than enacted or requested. The additional funding is to support small manufacturers transferring ownership interests to another party. Described as a pilot program, there is no sunset provision or reporting requirement. This is effectively an increase of general revenues passed-through the Commerce Corporation.

Small Business Innovation Research. The Executive 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 30.0 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/Minority Entrepreneurship. The Executive Office requests \$140,000 from general revenues to support an Urban Business Incubator, operated by Urban Ventures, a 501(c)(3). 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. 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 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(e) requires the state to provide support to an urban business incubator.

The Executive Office excludes this funding from its constrained request, without a plan to identify how the statutory requirement will be met.

The Governor's budget includes \$150,000 for a minority entrepreneurship initiative assumed to satisfy the state's responsibility to support a non-profit urban business incubator pursuant to Rhode Island General Law, Section 42-64-13.1(e). The statute requires the incubator be a 501(c)(3) with an independent board of directors located in an enterprise zone, and defines specific parameters for the facility itself. As proposed, it does not identify Urban Ventures as the recipient.

Chafee Center/International Trade and Export Programming. The Executive 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 request provides matching support for the 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. It has been funded at the current level since FY 2019.

The Executive Office's constrained request reduces this by \$0.2 million. *The Governor recommends funding as requested for international trade and export programming. The designation to the Chafee Center is excluded from the recommendation.*

Other Pass-Through Initiatives. The Executive 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 funding as requested.*

Science and Technology Advisory Council. The Executive 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 Council submitted an application to continue the program, which requires state support 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 Executive 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 seven communities. 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 the other six airports based on the shares of total takeoffs and landings during calendar year 2019. 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 funding as requested.*

East Providence Waterfront Commission. The Executive Office requests the enacted amount of \$50,000 from general revenues for the East Providence Waterfront Commission, of which \$45,000 is for

Commission staff. The Commission is charged with facilitating the transformation of the East Providence waterfront into a model of urban revitalization. *The Governor recommends funding as requested.*

Executive Office

Site Readiness. The request includes the enacted level of \$1.0 million from general revenues to assist municipalities to develop pad-ready industrial sites. The Governor's FY 2020 budget recommendation included \$3.3 million, including \$2.3 million from general revenues and \$1.0 million from Rhode Island Capital Plan funds for a pilot program to provide municipalities with training, investments, and authority to expedite development. The Assembly did not concur with the majority of the proposal.

The program began accepting applications October 1, 2019. Funding is awarded for two categories, site specific improvement and municipal assistance. Improvements considered by the Corporation include engineering, environmental, and survey studies, infrastructure improvements, land clearing, and building improvements. Minimum acreage thresholds for urban projects are two acres or 0.1 million square feet; projects in other areas should be at least 1.0 acre. Municipal assistance could include streamlining land use and permitting processes, zoning and planning board member or building code official training, assistance writing zoning ordinances or planning documents or marketing support. No funds have been awarded as of January 2020. As part of its constrained request, the Executive Office reduces the request to \$0.5 million. *The Governor recommends \$0.4 million more than enacted. The additional funding is to support five Commerce Corporation fellowships in five regions or municipalities for targeted municipalities already participating in the Site Readiness program. Described as a pilot program, there is no sunset provision or reporting requirement.*

Article 11 of 2020-H 7171 also includes legislation to establish a permanent program allowing the Commerce Corporation, or Quonset Development Corporation under certain circumstances, to contract with municipalities for land use policies to further economic development. Each Corporation's Board of Directors would be required to appoint a new committee from its board, plus one representative from the Rhode Island League of Cities and Towns. The Commerce committee requires a representative of the participating municipality; whereas the Quonset committee requires a representative of the Rhode Island Manufacturers Association. Assistance includes preparation and implementation of policies within agreed upon project sites; including superseding planning, zoning, and permitting authority; and providing financial support up to 25.0 percent of foregone tax revenues for certain communities with tax stabilization agreements for qualified developments subject to appropriation. Municipalities and political subdivisions would be permitted to provide operational and maintenance services to the project sites as those services were provided prior to the agreement. An annual reporting requirement consistent with existing economic development programs is included.

The Governor's recommendation also includes \$21.5 million of new general obligation bonds proposed to be submitted to the voters on the November 2020 ballot for a program to develop commercial industrial facility sites, including municipal infrastructure, to further economic development. Funding will be awarded to municipalities on a competitive basis. Article 11 is not contingent upon bond approval.

Deputy Secretary. The Executive Office requests \$0.2 million from general revenues and 1.0 full-time equivalent position for a Deputy Secretary of Commerce position. The position is requested to increase collaboration and alignment of economic development strategy across the agencies under the Executive Office's portfolio. Article 15 of the FY 2016 Appropriations Act establishes a Deputy Secretary position in the unclassified service for the Executive Office. That position was vacated during FY 2017, held vacant and unfunded for FY 2018 and FY 2019, and the vacancy was removed in the enacted budget. The Executive Office's constrained request removes this funding.

The Governor recommends funding as requested. She also includes Article 12 of 2020-H 7171 to restructure the state's planning and policy for housing and development. The legislation eliminates the 28-member Housing Resources Commission and its related four member Coordinating Committee. In its place, the recommendation establishes a seven member coordinating council similar to the existing coordinating committee, and elevates that committee to be the state's lead housing entity; the deputy secretary would serve as the council's executive director.

Executive Office Upgrade. The Executive Office requests \$14,318, including \$8,899 from general revenues to upgrade a financial management position shared with the Office of Housing and Community Development, and an adjustment to the allocation between the two positions. The enacted budget assumed approximately 38 percent of the positions would be charged to the Executive Office's general revenues, and 62 percent would be charged to the Office's federal funds. Consistent with the revised request, the allocation increases to 40.0 percent to the Executive Office, thus more of the burden of the increase is on state sources. *The Governor recommends \$385 less than requested to reflect statewide benefit savings.*

Personnel and Operations. The Executive Office requests \$0.9 million, \$13,888 more than enacted from general revenues for personnel expenditures and 3.4 full-time equivalent positions, excluding the positions discussed previously. The remainder of the request includes the enacted amount of \$124,427, the majority of which is a full year of rent, reported at \$76,377. Compared to the two prior years' expenditures, there are likely some savings available.

The Governor recommends \$83,572 more than requested. This reflects \$85,000 to contract a study of commercial tangible taxes, offset by statewide benefit savings. Article 9 of 2020-H 7171 includes legislation to establish a new local aid program, with a competitive application. The program, administered by the Division of Municipal Finance in conjunction with the Commerce Corporation, would reimburse municipalities for revenue losses associated with a reduction in its tangible tax rate. The proposal assumes a three-tier reimbursement rate, provides for the Division to ratably reduce awards if insufficient funds are available, and includes an annual reporting requirement. The program would not incur any costs in FY 2021.

Housing and Community Development

Housing Governance Fund. The Housing Resources Act of 1998 is the statute which defines the structure of the state's housing policy and planning. It establishes the 28-member Housing Resources Commission which includes six directors of state agencies, five members of professional associations, and 14 members from other interest areas. The chairperson of Rhode Island Housing and the Attorney General are ex-officio members. It also establishes four member Coordinating Committee which includes the chairperson and executive director of Rhode Island Housing, the chairperson of the Commission and the director of the Department of Administration. Under current law, the Housing Resources Commission is the paramount agency for housing policy and planning, and through the coordinating committee it works in conjunction with Rhode Island Housing; the responsibilities of each entity are defined by memorandum of agreement.

The Governor recommends Article 12 of 2020-H 7171 to restructure the state's planning and policy for housing and development. The legislation repeals the Housing Resources Act of 1998. In its place, the recommendation establishes a seven member coordinating council similar to the existing coordinating committee, and elevates that committee to be the state's lead housing entity. As noted previously, the deputy secretary would serve as the council's executive director. The council would also be empowered to assume control of Rhode Island Housing staff by memorandum of agreement. The new coordinating council's chairperson and its executive director would be appointed by the Governor. There would be a 19-member steering committee, with similar membership to the existing Commission. The legislation establishes a second tier of the Real Estate Conveyance Tax. The tax is doubled to \$4.60 for each \$500 increment over \$0.5 million, the proceeds from which would be deposited in a new housing production fund to provide

financial or technical assistance, including payments for increased education expenses to housing incentive districts. The Governor recommends \$3.5 million for the fund from these receipts.

Housing Opportunities for Persons with AIDS. The Executive Office requests \$1.9 million, or \$1.3 million more than enacted from federal funds to reflect new program awards for FY 2021. Rhode Island Housing and the Office of Housing and Community Development agreed to transfer the administration of the federal Housing Opportunities for Persons with AIDS grant during FY 2019 to consolidate the homelessness and supportive housing initiatives within the state at the Executive Office. 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. These funds may also be used for services including, but not limited to, assessment and case management, substance abuse and/or mental health treatment, nutritional services, job training and placement assistance. *The Governor recommends funding as requested.*

Neighborhood Stabilization. The Executive Office requests the enacted amount of \$1.0 million from federal funds to use for federal Neighborhood Stabilization Program eligible activities. The 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 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 and Community Development Salaries and Benefits. The Office requests \$1.4 million for salaries and benefits for 10.1 full-time equivalent positions in the Office of Housing and Community Development.

The request is \$0.1 million more than enacted, including \$37,345 more from general revenues, \$12,240 less from federal funds, and \$48,891 not contemplated in the enacted budget from restricted Real Estate Conveyance Tax proceeds for salaries and benefits. Consistent with the revised request, this assumes position support for 5.3 positions from general revenues, 0.4 positions from restricted receipts, and 4.4 positions from federal funds. It appears that the request may overstate necessary expenditures by about \$50,000 from federal funds as a partial position appears to assume full funding. It should also be noted that it is unclear if the Office's request to use Real Estate Conveyance Tax proceeds to fund its own employees is consistent with the uses under Rhode Island General Law, Section 44-25-1. The statute states the funds will be administered by the Office, through the Housing Resources Commission. This request does not appear to meet that standard. *The Governor recommends \$4,333 less than requested from all sources of funds, including \$2,256 less from general revenues. The recommendation includes requested use of Real Estate Conveyance Tax funding.*

Disaster Recovery Grants. The Office requests \$250,000, \$2.5 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 to reduce its restricted resources for lead abatement and housing rental subsidy activities by \$48,891; as previously noted, the request shifts those restricted resources to staffing expenses not assumed in the enacted budget.

The 2014 Assembly amended the Real Estate Conveyance Tax statutes to provide a permanent stream of funding to be used by the Housing Resources Commission for lead hazard reduction abatement, rental subsidy and shelter operations. The 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.

The November 2019 Revenue Estimating Conference estimated that the state would retain a total of \$14.2 million from the tax in FY 2020 and \$14.7 million for FY 2021, which should yield approximately \$7.1 million and \$7.4 million respectively, to be distributed to the Commission from the real estate transfer tax. *The Governor recommends \$12,241 less than requested to reflect the ownership transfer exemption for affordable housing developments from the Real Estate Conveyance Tax proposed in Article 12 of 2020-H 7171.*

Housing and Community Development Operations. The Office requests \$16.4 million from all sources for other Housing and Community Development program expenses. This includes \$9.5 million from federal Community Development Block Grants, which is \$1.0 million less than enacted primarily to reflect updated award amounts. Consistent with the revised request, the Office requests \$4.7 million, \$48,891 less than enacted from Real Estate Conveyance Tax proceeds. It utilizes those funds for staffing in lieu of grant awards. The request also includes the enacted amount of \$2.1 million from federal emergency shelter grant programs under the Consolidated Homeless Housing Fund, and the enacted amounts of \$11,857 from general revenues and \$4,408 from restricted receipts for all other expenditures.

The Office of Housing and Community Development provides financial and operational support for all housing programs administered by the Housing Resources Commission. The Housing Resources Commission was established in 1998 to direct the state's housing policy planning programs. This provides support for living arrangements for the elderly, disabled, homeless, those in danger of homelessness, and addresses housing affordability. Programmatically, this includes rental assistance, lead abatement, supporting non-profit homeless service providers, and administering the Community Development Block Grant support for most of the state's communities. *The Governor's recommendation includes \$10,824 more than requested to reflect to inclusion of previously unidentified moving expenses to co-locate the Office with the Executive Office and Commerce Corporation.*

Capital Projects. The Executive Office requests \$15.9 million, which is \$6.5 million more than enacted from Rhode Island Capital Plan funds. The increase includes \$4.9 million more for the I-195 Redevelopment Commission, and \$2.0 million more for Quonset Point infrastructure upgrades. Expenses include: professional legal and engineering services related to the maintenance and marketability of the I-195 land; and legal and design expenses related to the Commission's designation as a Special Economic Development District consistent with Article 12 of 2019-H 5151, Substitute A, as amended.

It also includes \$4.0 million for expenses related to the design and development of infrastructure for the parks located at P2 and P4 within the District. These are requested as one-time funds. The recommended infrastructure improvements include a food venue, restrooms, a flexible event and performance venue, a storage facility and utilities, including data. The parks' development plan does assume the ability to generate additional revenue after these amenities are in place.

The Governor recommends \$3.1 million more than enacted from Rhode Island Capital Plan funds. For the I-195 Redevelopment Commission this includes \$60,000 more for its existing capital expenses, plus \$1.0 million more for development of its parks. It also includes the requested \$2.0 million increase for the final year of the Quonset Point infrastructure upgrades. The Governor also includes \$66.5 million more from new general obligation bonds to be placed on the November 2020 ballot for voter approval for three projects. A detailed description of these projects is included in the Capital Budget section of this publication.

Department of Labor and Training

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 1,019,628	\$ 993,998	\$ 1,031,639	\$ 1,143,453
Workforce Development Services	48,766,588	61,276,481	47,373,275	24,662,964
Workforce Regulation and Safety	3,231,560	3,227,383	3,410,051	3,867,652
Income Support	384,980,928	380,263,014	390,405,821	390,478,120
Injured Workers Services	10,573,722	12,991,825	12,147,481	12,361,069
Labor Relations Board	441,669	441,176	379,281	382,908
Governor's Workforce Board*	-	-	-	31,839,007
Total	\$ 449,014,095	\$ 459,193,877	\$ 454,747,548	\$ 464,735,173
Expenditures by Category				
Salaries and Benefits	\$ 42,113,114	\$ 42,467,725	\$ 44,545,048	\$ 44,827,772
Contracted Services	4,484,541	4,899,415	5,155,285	5,155,285
Subtotal	\$ 46,597,655	\$ 47,367,140	\$ 49,700,333	\$ 49,983,057
Other State Operations	10,766,354	13,037,781	10,653,543	12,858,444
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	383,275,525	390,428,003	386,034,812	393,534,812
Capital	150,300	136,692	134,599	134,599
Capital Debt Service	-	-	-	-
Operating Transfers	8,224,261	8,224,261	8,224,261	8,224,261
Total	\$ 449,014,095	\$ 459,193,877	\$ 454,747,548	\$ 464,735,173
Sources of Funds				
General Revenue	\$ 14,679,932	\$ 14,673,124	\$ 14,730,164	\$ 22,922,142
Federal Aid	38,284,651	45,312,943	36,155,794	36,742,413
Restricted Receipts	30,022,846	36,379,619	31,670,160	33,283,256
Other	366,026,666	362,828,191	372,191,430	371,787,362
Total	\$ 449,014,095	\$ 459,193,877	\$ 454,747,548	\$ 464,735,173
FTE Authorization	390.7	390.7	391.0	395.7

* Formerly included with Workforce Development Services

Summary. The Department of Labor and Training requests \$454.7 million from all fund sources, which is \$5.7 million more than enacted, including \$50,232 more from general revenues, \$2.1 million less from federal funds, \$1.6 million more from restricted receipts, and \$6.2 million more from other funds. The request includes 391.0 full-time equivalent positions, 0.3 positions more than the enacted level. *The Governor recommends \$10.0 million more than requested from all sources, including \$8.2 million more from general revenues of which \$7.3 million is for Real Jobs Rhode Island. The recommendation is for 395.7 full-time equivalent positions which reflects two new initiatives.*

Target Issues. The Budget Office provided the Department with a general revenue target of \$14.2 million. The amount includes current service adjustments of \$50,232 and a 5.0 percent target reduction of \$0.5 million adjusted for certain exclusions. The Department's constrained request achieves the Budget Office

target mainly through turnover savings. The proposals to achieve the reductions are noted among the following items where appropriate. *The Governor's recommendation is \$8.8 million above the target.*

FY 2021 Budget	Budget Office	DLT	Difference
FY 2020 Enacted	\$ 14,679,932	\$ 14,679,932	\$ -
Current Service Adjustments	50,232	50,232	-
Change to FY 2020 Enacted	\$ 50,232	\$ 50,232	\$ -
FY 2021 Current Service/ Unconstrained Request	\$ 14,730,164	\$ 14,730,164	\$ -
Target Reduction/Initiatives	(489,486)	(489,486)	-
FY 2021 Constrained Target/Request	\$ 14,240,678	\$ 14,240,678	\$ -
<i>Change to FY 2020 Enacted</i>	\$ (439,254)	\$ (439,254)	\$ -

Staffing. The Department requests \$44.5 million or \$2.4 million more than enacted from all sources for staffing costs for FY 2021. By source this includes \$0.1 million less from general revenues, \$1.4 million more from federal funds, \$0.7 million less from restricted receipts, and \$1.9 million more from other funds. The Department also includes a request for an additional 0.3 full-time equivalent position for a total of 391.0 positions; the enacted authorization is 390.7 positions. The Department indicates the fractional position is a remnant from when unemployment had part-time positions, and its request rounds up to remove the fraction. The request also reflects changes to allocations among programs to accommodate the 2019 Assembly's reduction of 13.0 vacant positions.

The Department's FY 2021 request is \$4.4 million more than the \$40.2 million that was spent during FY 2019, when the Department averaged 387.2 filled full-time equivalent positions. Based on actual FY 2019 spending, the average cost per position of the Department was \$103,729. The requested average cost per position is \$113,926, a 9.8 percent increase over actual FY 2019 spending. Assuming an increase to personnel costs more in line with the impact of cost-of-living and benefit adjustments for FY 2020 yields an estimated average cost per position of \$106,322 for FY 2021. Based on that estimated cost, the requested budget of \$44.5 million would fund 419.0 full-time equivalent positions, 18.3 positions more than authorized. It is unclear why the request overstates these expenses. *The Governor recommends \$2.7 million more than enacted which is \$0.3 million more than requested. This includes \$0.5 million more than requested from general revenues to fund the 5.0 new recommended full-time equivalent positions offset by statewide medical benefit savings. As recommended, personnel costs still appear to be overstated.*

Administrative Redesign. The Department requests \$0.9 million from all sources for various contracted services not included in the enacted budget. This includes \$0.3 million from general revenues, \$0.3 million from federal funds, \$0.2 million from restricted receipts, and \$0.1 million from other funds. Following the submission of the budget, the Department indicated the request inadvertently doubled the general revenue expenditures; thus, the request is \$0.1 million higher than intended from that source. The two contracts were engaged in August and September 2019 and will expire in February and June 2020, respectively. These contracts are with Hope Street Consulting and Public Consulting Group; both appear to involve restructuring the financial management aspects of the Department. It should also be noted this request includes placeholder funding to continue both of these contracts, though nothing has been signed to do that as of November 2019; the FY 2020 revised request includes \$0.7 million for the contracts which have already been signed. The costs for these contracts are allocated throughout the Department's programs including Central Management, Unemployment, Temporary Disability, and Workers' Compensation. *The Governor recommends funding as requested.*

Year Up. Year Up is an organization which provides Rhode Island-based programming to under-served young adults with a combination of hands-on skill development, academic coursework, internships, and wraparound support. The organization has received funding from the Governor's Contingency Fund, which is typically used for unexpected and non-recurring expenditures, in each of the last three years. Through

January 16, 2020, the organization has received \$92,820 from the fund. *The Governor recommends \$250,000 from general revenues for Year Up in the Department's budget.*

Work Immersion/Non-Trade Apprenticeship Program. The Department requests \$0.7 million or \$441 more than the enacted level for the work immersion/non-trade apprenticeship program, which was underspent by \$0.1 million in FY 2019. The increase reflects a restoration of statewide savings allocated to this item as part of the enacted budget. The program provides students, recent college graduates, and unemployed adults with work experience and assists employers by training individuals for potential employment.

The Department also submitted a constrained request which reduces expenses for this program by \$2,343. *The Governor recommends funding as requested.*

Inmate Post-Release Employment Services. The Department of Corrections' mission notes that local agencies, volunteers and community-based organizations should play a role in program development and service delivery. Further, the Department notes it is committed to making available programs and services that offer offenders the opportunity to improve their education, health, interpersonal and vocational skills, and acceptance of responsibility for their past criminal behavior. Opportunities for rehabilitation and community integration should be provided to an extent that is both feasible and responsible given resources and individual capabilities.

The Governor recommends \$0.1 million and authorization for 1.0 new full-time equivalent position for an initiative to assist inmates with post-release employment services in collaboration with the Department of Corrections. The position will help contract vendors and connect incarcerated individuals with post-release employment opportunities with the goal of improving the outcomes for the reentering population and reducing recidivism.

Real Jobs Rhode Island. The Department requests \$11.8 million or \$1.6 million less than enacted from all sources for the Real Jobs Rhode Island program. Funding includes the enacted amount of \$5.5 million from general revenues, \$1.6 million less from federal funds, and the enacted \$3.7 million from restricted receipts. The funds are used to continue supporting partnerships and the decrease reflects the end of a number of federal grants. The Department's FY 2020 revised request includes \$20.5 million for the program or \$7.1 million more than enacted, mainly reflecting unspent federal funding carried forward, and \$4.9 million more than spent during FY 2019. The program's functions are to place new employees in job openings, advance skills of employed people, and create a talent pipeline for businesses. Processes and programs offered through Real Jobs vary by participant and partnership. The Department notes that as of December 2019, the average cost to place a jobseeker or train a worker was approximately \$6,000.

The following table illustrates funding by source for the program through FY 2019. Funds are listed with the full amount by the year of award, not in the year the expenditure is incurred. For example, federal funds received in FY 2017 are being carried forward in the request but only appear in the FY 2017 column. More detailed information has not been available from the Department.

Funding Source by Year of Award					
Source	FY 2016	FY 2017	FY 2018	FY 2019	Total Funding
General Revenues	\$ -	\$ -	\$ -	\$ 3,950,000	\$ 3,950,000
Federal Funds	9,150,000	6,140,000	-	3,138,552	18,428,552
Restricted Receipts	1,300,000	4,343,016	3,900,000	11,500,000	21,043,016
Other Funds	-	-	105,000	-	105,000
Total	\$10,450,000	\$10,483,016	\$ 4,005,000	\$ 18,588,552	\$ 43,526,568

The Governor recommends \$8.7 million more than enacted. This includes an increase of \$7.3 million from general revenues and \$1.4 million from Job Development Fund restricted receipts. The Governor includes Article 19, Section 10 of 2020-H 7171 to extend the Job Development Fund assessment to include non-profit, non-governmental employers of 1,000 or more employees beginning tax year 2021, estimated to impact 11 or 12 employers. The recommendation assumes the \$1.4 million would be collected during FY 2021 despite the first receipts not arriving until after the third quarter of FY 2021. The section also includes a provision which would allow the director of the Department of Labor and Training to waive the assessment for in-kind contributions from these entities. However, the estimate does not lower revenues to account for these contributions.

Workplace Fraud Unit. The Department requests the enacted amount of \$1.2 million, including \$0.8 million from general revenues and \$0.4 million from workers' compensation restricted receipts, for the workplace fraud unit. The unit is responsible for enforcing prevailing wage requirements and wage and hour issues, identifying misclassification of employees as contractors, and conducting administrative hearings. It consists of 10.0 full-time equivalent positions. The unit assesses penalties for violations and collected \$0.6 million during FY 2019.

The Governor recommends \$0.4 million more than requested from general revenues and authorization for 4.0 new full-time equivalent positions for the Workplace Fraud Unit. This includes 3.0 new positions for investigatory work and 1.0 new position for adjudication. The Governor also includes Article 6, Sections 3, 10, and 11 of 2020-H 7171 to increase workplace compliance penalties and fines. These increases along with the recommended staff are estimated to increase revenues collected by \$4.2 million. The budget impact would be \$3.8 million. The Governor has proposed expanding the unit in each of the last two fiscal years; these proposals were not approved by the Assembly.

Workforce Regulation and Safety Staffing. The Department requests \$2.6 million or \$0.1 million less than enacted from all sources for staffing costs of the workforce regulation and safety division, which includes the Workplace Fraud Unit. This is \$64,188 less from general revenues and \$76,123 less from restricted receipts. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 32.9 positions, while the request would fund 31.5 positions. The request allocates 27.8 positions to this program which indicates the request may be overstated. It should also be noted that the Department is requesting to supplement the general revenues with restricted receipts as it had done prior to FY 2019.

The Department submitted a constrained request which achieves \$0.3 million in turnover savings from general revenues. *The Governor recommends \$17,923 less than requested, including \$13,744 less from general revenues, to reflect statewide medical benefit savings.*

Governor's Workforce Board Staffing. The Department requests \$2.6 million or \$0.2 million more than enacted from restricted receipts for staffing the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff or grants and operations. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund approximately 23.1 positions while the request would fund 24.5 positions. However, the Department's request allocates 20.0 full-time equivalent positions to this program. This indicates funding may be overstated for this program. *The Governor recommends \$7,794 less than requested to reflect statewide medical savings.*

Governor's Workforce Board Operations. The Department requests \$15.0 million or \$0.5 million more than enacted from restricted receipts to support 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 \$15.0 million for the Board's use. The balance is distributed for workforce development activities, including adult education, requested grant expenditures, and Real Jobs Rhode

Island. The increase is mostly the result of the finalization and implementation of a new grantee performance tracking software program; the revised request includes \$1.0 million for the program. Work for this system had previously been funded from a federal grant; the Department states that this additional funding will help with finalizing the system, work which was unexpected during the budget submission last fiscal year. *The Governor recommends funding as requested.*

Trade Readjustment Act. The Department requests \$0.9 million or \$0.2 million less than enacted from federal funds for trade readjustment assistance programs which is closer to but still exceeds FY 2019 spending. The main objective of the Trade Readjustment Assistance Act is to provide support to qualified workers adversely affected by foreign trade and assist in obtaining suitable employment. The program provides testing, counseling, and services such as job search and relocation assistance, training, and payment of weekly trade readjustment allowances. Impacted workers are eligible to receive job search and relocation allowances for approved training outside the normal commuting distance of the worker's regular place of residence. *The Governor recommends funding as requested.*

Other Workforce Development Grants. The Department requests \$8.2 million or \$0.5 million less than enacted from federal funds for all other workforce development grants. The decrease reflects expected available resources and does not assume unspent funding will be carried forward from FY 2020, which is historically unlikely. The decrease also reflects a reduction of \$0.7 million for the data quality initiative. The request includes \$0.1 million more for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards youth, adults and dislocated workers. These programs often account for most of the carry forward funding and the Department notes that it is looking into integrating these grants into the Real Jobs program. *The Governor recommends funding as requested.*

Unemployment Benefits. The Department requests \$159.8 million or \$2.9 million less than enacted from unemployment insurance funds for payment of benefits. This includes \$0.5 million more for benefit payments to state, federal, and veteran employees, the enacted amount for benefit payments to other states, and \$3.4 million less for traditional benefit payments. There have been fewer individuals collecting benefits and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits. The Department indicates the request is based on projected need. The Department spent \$149.6 million of the \$154.4 million budgeted during FY 2019; the request provides \$159.8 million for benefit payments. *The Governor recommends funding as requested.*

Unemployment Administration Staffing. The Department requests \$13.3 million or \$0.6 million more than enacted from all sources for salaries and benefits for the administration of the unemployment insurance program. This includes \$0.1 million less from general revenues, \$1.3 million more from federal funds, and \$0.6 million less from restricted receipts, including funding from the job development fund and the Tardy and Interest Funds. Based on FY 2019 spending, with relevant cost-of-living and benefit adjustments, the enacted budget contains funding for approximately 110.3 full-time equivalent positions; the request would fund 115.8 positions. The Department's request allocates 106.0 positions to the program which indicates the request is overstated. The request also reinstitutes a staff work-sharing plan to attempt to defray costs in unemployment insurance because resources are limited given the low rate of unemployment. The Department's request shifts 19.5 positions and associated costs from unemployment to the temporary disability and caregivers insurance programs. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues as part of the FY 2019 final budget to cover an overcommitment of federal resources for the program caused, in part, by the unsuccessful shift. *The Governor recommends \$0.1 million less than requested to reflect statewide medical benefit savings.*

Unemployment Administration Operations. The Department requests \$1.9 million or \$0.7 million less than enacted for other administrative costs of the unemployment program. This includes \$1.5 million from federal funds and \$0.3 million from restricted receipts. During FY 2019, the Department spent \$3.4 million

while the request would provide \$2.0 million, or \$1.4 million less. Of the FY 2019 spending, \$1.6 million was related to contractually obligated funding for the unemployment information technology system which will not occur in FY 2020 or FY 2021. Excluding that spending, this request is \$0.2 million more than actual FY 2019 spending. The adjustments also include \$89,075 from Tardy Funds budgeted as assistance and grants, inexplicably. However, this is a similar value to the general revenue reduction to the Police and Fire Relief funds. *The Governor recommends funding as requested.*

Temporary Disability Insurance Benefits. The Department requests \$184.0 million or \$6.8 million more than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits are \$8.0 million more than FY 2019 expenditures and \$3.6 million more than in the Department's FY 2019 revised request. The Department is projecting higher benefit levels because benefits have been steadily increasing each year since the great recession. The Department has seen a year over year increase for these benefits since FY 2012. The wage base for the program increases from \$71,000 to \$72,300 effective January 1, 2020. *The Governor recommends funding as requested.*

Temporary Disability Insurance Administration Staffing. The Department requests \$7.8 million or \$1.8 million more than enacted from the Temporary Disability Insurance Fund for staffing costs of the administration of the Temporary Disability program. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 56.4 full-time equivalent positions; the request would fund 73.6 positions. The Department's request allocates 76.1 positions to the program. The increase represents a shift of costs related to the administration of unemployment to this program because resources are limited given the low rate of unemployment. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues to cover an overcommitment of federal resources for the program caused by the unsuccessful shift as part of the FY 2019 final budget. *The Governor recommends \$37,152 less than requested to reflect statewide medical benefit savings.*

Temporary Disability Insurance Administration Operations. Consistent with the revised request, the Department requests \$2.2 million or \$79,937 less than enacted from the Temporary Disability Insurance Fund for the operations of the program. The request aligns expenditures to FY 2019 actual spending; the request provides \$5,682 more than the \$2.2 million spent last year. *The Governor recommends funding as requested.*

Temporary Caregiver Benefits. The Department requests \$15.1 million or \$0.1 million less than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The request is \$1.4 million more than FY 2019 expenditures and based on the Department's updated projection for the program. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. The wage base for the Temporary Disability program increases from \$71,000 to \$72,300 effective January 1, 2020. *The Governor recommends funding as requested.*

Temporary Caregiver Administration Staffing. The Department requests \$1.4 million or \$0.1 million more than enacted from the Temporary Disability Insurance Fund for the administration of the temporary caregiver program. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 11.6 full-time equivalent positions; the request would fund 12.9 positions. The Department's request allocates 14.1 positions to the program. The increase represents a shift of costs related to the administration of unemployment to this program because resources are limited given the low rate of unemployment. It should be noted that the Department requested and unsuccessfully attempted a similar shift during FY 2018. The 2019 Assembly provided general revenues to cover an overcommitment of

federal resources for the program caused by the unsuccessful shift as part of the FY 2019 final budget. *The Governor recommends \$7,195 less than requested to reflect statewide medical benefit savings.*

Temporary Caregiver Administration Operations. Consistent with the revised request, the Department requests \$0.4 million or \$5,290 less than enacted from the Temporary Disability Insurance Fund for the remaining expenses of the temporary caregiver program. The request provides \$0.3 million more than actual FY 2019 spending. The request maintains an operating transfer of \$350,000 which the Department previously indicated relates to centralized services. This expense was not incurred during FY 2018 or FY 2019 and is likely unintentionally included. *The Governor recommends funding as requested.*

Workers' Compensation Staffing. The Department requests \$5.2 million or \$0.2 million less than enacted from workers' compensation restricted receipts for staffing costs of the workers' compensation program. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget contains funding for 54.0 full-time equivalent positions and the request reflects funding for 52.3 positions. However, the Department's request allocates 48.4 positions to this program. This indicates funding may be overstated for this program. *The Governor recommends \$26,452 less than requested to reflect statewide medical benefit savings.*

Workers' Compensation Operations. The Department requests \$5.7 million or \$1.6 million more than enacted from workers' compensation restricted receipts for benefits and operations of the workers' compensation program. The increase includes \$0.6 million to operate a rehabilitative center in the southern portion of the state similar to the Arrigan Rehabilitation Center in Providence; the revised request includes \$0.5 million.

The rest of the increase reflects funding for the Uninsured Protection Fund, governed by Rhode Island General Law, Chapter 28-53. It should be noted the revised request provides \$0.9 million more for benefits through this fund. Effective for injuries which occur on or after September 1, 2019, the Uninsured Protection Fund pays employees for injuries sustained working for an uninsured employer. Uninsured employers are required to pay penalties in the form of excise taxes which are returned to the fund. The expenses were not included in the enacted budget as the Department did not develop estimates during the last budget cycle. Budgeted expenditures for this fund include \$0.5 million for the fund's third party administrator Beacon, and \$0.4 million for benefits and claims. The FY 2020 revised request provides \$1.9 million for the fund, totaling \$2.8 million over the two years based on projected availability. *The Governor recommends \$50,000 more than requested to provide maintenance costs for the newly proposed South County Arrigan Center, expected to begin operations in spring 2020.*

Police and Fire Relief Funds. The Department requests \$3.7 million or \$0.1 million less than enacted from general revenues for the Police and Fire Relief funds, which pay benefits to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as disabled workers based on projected expenditures. This consists of the enacted amount for pensions and a reduction of \$0.1 million for scholarships to reflect actual FY 2019 spending. *The Governor recommends funding as requested.*

Other Salaries and Benefits (0.3 FTE). The Department requests \$11.6 million, or \$0.1 million more than enacted, from all sources for salaries and benefits for all other programs including central management, the Police and Fire Relief programs, the Labor Relations Board, and workforce development services. The request also includes a 0.3 full-time position increase to allow the Department flexibility with filling a whole position rather than a fractional one. Based on FY 2019 spending with relevant cost-of-living and benefit adjustments, the enacted budget would fund 107.8 full-time equivalent positions while the request would fund 108.3 positions. The Department's request allocates 98.6 positions to these programs which suggests the request may be overstated.

The Department submitted a constrained request which achieves \$0.1 million in turnover savings from general revenues. *The Governor recommends \$0.1 million less than requested to reflect statewide medical benefit savings.*

Other Operations. The Department requests \$0.2 million or \$88,493 less than enacted from all sources for all other expenses. This includes \$20,564 less from general revenues and \$67,929 less from other funds. The decrease reflects the revised FY 2020 request; for general revenues, this provides less for legal services than was spent during FY 2019. From other funds, the decrease represents the depletion of available funding from the New England Training and Employment Council and Ticket to Work Milestone funds. *The Governor recommends funding as requested.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Department's share of centralized services, the request includes \$1.8 million for facilities management, which is \$0.3 million less than enacted, \$0.7 million for human resources, which is \$45,726 less than enacted, and \$2.6 million for information technology services, which is \$0.2 million more than enacted. By source, this includes the enacted amount from general revenues and restricted receipts, \$0.6 million less from federal funds and \$0.5 million more from other funds.

The Governor recommends \$0.7 million more than requested, which includes \$0.2 million more from general revenues, based on Budget Office estimates. This includes \$0.4 million more for facilities management charges and \$0.3 million more for information technology services. The Budget Office notes that the increase to facilities management reflects the statewide janitorial contract which will cover the Pastore Center. The increase to information technology charges brings the appropriation closer to FY 2019 billings but is \$0.3 million less. Excluding the one-time cost for the renewal of Microsoft 365 in FY 2019, the recommendation is \$0.2 million less.

Department of Revenue

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Office of Director	\$ 2,141,620	\$ 2,115,104	\$ 2,268,993	\$ 2,155,214
Office of Revenue Analysis	841,407	841,407	905,983	903,842
Lottery Division	420,149,414	434,475,460	434,591,705	434,586,420
Division of Municipal Finance	2,465,897	2,383,569	2,423,446	2,448,854
Taxation	30,950,719	33,007,853	34,680,641	38,155,962
Registry of Motor Vehicles	31,378,244	32,054,700	37,704,212	37,839,934
State Aid	154,360,294	150,474,552	178,025,711	155,141,400
Collections	899,649	875,766	853,582	850,492
Total	\$ 643,187,244	\$ 656,228,411	\$ 691,454,273	\$ 672,082,118
Expenditures by Category				
Salaries and Benefits	\$ 61,053,763	\$ 61,029,450	\$ 62,953,694	\$ 62,345,290
Contracted Services	5,048,050	5,455,350	9,579,814	9,574,774
Subtotal	\$ 66,101,813	\$ 66,484,800	\$ 72,533,508	\$ 71,920,064
Other State Operations	421,199,704	437,747,318	439,515,514	443,571,114
Aid to Local Units of Government	154,410,991	150,525,249	178,025,711	155,141,400
Assistance, Grants, and Benefits	1,079,108	1,178,312	1,178,312	1,178,312
Capital	325,430	228,530	168,530	238,530
Operating Transfers	70,198	64,202	32,698	32,698
Total	\$ 643,187,244	\$ 656,228,411	\$ 691,454,273	\$ 672,082,118
Sources of Funds				
General Revenue	\$ 216,254,237	\$ 214,537,942	\$ 248,443,553	\$ 229,096,871
Federal Aid	1,969,581	2,272,923	1,588,707	1,580,404
Restricted Receipts	3,605,253	3,705,613	5,565,691	5,559,629
Other	421,358,173	435,711,933	435,856,322	435,845,214
Total	\$ 643,187,244	\$ 656,228,411	\$ 691,454,273	\$ 672,082,118
FTE Authorization	602.5	602.5	607.5	611.5

Summary. The Department of Revenue requests expenditures of \$691.5 million for FY 2021, including \$248.4 million from general revenues, \$1.6 million from federal funds, \$5.6 million from restricted receipts, and \$435.9 million from other sources primarily Lottery funds. The request is \$48.3 million more than the enacted budget. This includes \$32.2 million more from general revenues, \$0.4 million less from federal funds, \$2.0 million more from restricted receipts, and \$14.5 million more from other sources, primarily Lottery funds. The Department requests 607.5 full-time equivalent positions, 5.0 more than authorized.

The Department also submitted a constrained request that totals \$245.5 million from general revenues, which is \$2.9 million less than the unconstrained request. *The Governor recommends \$672.1 million from all sources, which is \$21.2 million less than requested, primarily from general revenues for state aid programs. The recommendation includes 611.5 positions, 9.0 more than enacted, and 4.0 more than requested.*

Target Issues. The Budget Office provided the Department of Revenue with a general revenue target of \$242.1 million. The amount includes current service adjustments of \$29.0 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$3.1 million.

FY 2021 Budget	Budget Office		DOR		Difference
FY 2020 Enacted	\$	216,254,237	\$	216,254,237	\$ -
Current Service Adjustments		28,978,607		28,947,615	(30,992)
New Initiatives		-		3,241,701	3,241,701
Change to FY 2020 Enacted	\$	28,978,607	\$	32,189,316	\$ 3,210,709
FY 2021 Current Service/Unconstrained Request	\$	245,232,844	\$	248,443,553	\$ 3,210,709
Target Reduction/Initiatives		(3,142,116)		(2,943,934)	198,182
FY 2021 Constrained Target/Request	\$	242,090,728	\$	245,499,619	\$ 3,408,891
<i>Change to FY 2020 Enacted</i>	\$	<i>25,836,491</i>	\$	<i>29,245,382</i>	\$ <i>3,408,891</i>

The constrained budget submitted by the Department is \$3.4 million more than the target. The Department proposes savings initiatives of \$2.9 million from general revenues, and proposes \$3.4 million of revenue initiatives in lieu of further reductions to meet its target. The proposals to achieve the reductions and revenues are noted among the items described below where appropriate. *The Governor's recommendation is \$13.0 million below the target.*

Centralized Services. The Department requests \$5.0 million from all sources of funds for its share of centralized services, including \$4.8 million from general revenues, and \$0.2 million from Lottery funds. The request is \$35,966 less than the enacted amount, including \$29,588 less from general revenues. The request excludes \$6,378 assumed in the enacted budget from federal funds. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The state uses internal service funds to reimburse one agency for services provided to another. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration.

The request is \$0.1 million less than actual FY 2019 expenditures, including \$0.2 million less from general revenues, \$2,007 less from federal funds, \$1,405 less from Job Development Fund resources, and \$76,538 more from other funds, of which \$77,415 is from lottery funds offset by \$877 less from Temporary Disability Insurance funds. This represents \$14,651 less for facilities management, \$37,473 more for human resources, and \$0.2 million more for information technology support. The first quarter internal service report from the Department of Administration demonstrates Department of Revenue expenditures consistent with the amount assumed in the enacted budget but appear to over rely on general revenues offset by savings from lottery resources. *The Governor recommends \$1.7 million more than requested primarily from general revenues based on Budget Office estimates. This is \$1.6 million more than FY 2019 actual spending, including \$0.9 million more for facilities management and \$0.8 million more for information technology services. The facilities management expenses double based on a revised methodology and an FY 2019 billing issue, neither of which is entirely clear.*

Restoration of Statewide Savings. The request includes \$0.3 million more from general revenues to restore statewide savings proposed in the Governor's FY 2020 budget recommendation for two of three statewide initiatives designed to reduce operating costs. The recommendation included \$298,984 for an initiative to reduce the cost of certain commodities, \$11,034 from a prompt payment initiative, and \$1,344 from insurance savings. For FY 2021, the request assumes insurance initiative savings will be achieved. *The Governor recommends funding as requested.*

Deputy Chief of Legal Services (1.0 FTE). The Department requests \$0.1 million from general revenues and authorization for 1.0 new full-time equivalent position for a Chief of Legal Services to provide additional, pervasive legal support to the Department. Over the past five years the Department has

contracted several outside legal firms for a variety of issues. The Department intends to fill this position to have a single position with a depth of knowledge and support across the Department's functional areas in order to reduce the use of contracting outside firms. During the period from 2016 through January 2019, the Department has spent \$2.0 million for contracted legal expenditures for eight issues. The request appears to include nearly an entire year of funding. As part of its constrained request the Department excludes the funding. *The Governor recommends \$37,149 less than requested to reflect filling the position later than requested.*

Staffing and Operations. The Department requests \$1.4 million from general revenues for the 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 \$18,924 less than enacted and includes funding for 8.3 full-time equivalent positions, exclusive of the Chief of Legal Services previously addressed, one fewer than the authorized level. The partial position is primarily cost allocated to the Division of Lottery.

The requested salaries and benefits are inclusive of step increases, and reflect updated planning values offset by essentially the enacted level of turnover savings. The operations request includes funding as enacted. *The Governor recommends \$10,849 less the requested from general revenues to reflect statewide medical benefit savings.*

Staffing and Operations. The Department requests \$0.9 million from general revenues for Office of Revenue Analysis staffing and operations, which is \$62,214 more than enacted to fully fund salaries and benefits for the Office. The request includes \$8,069 of turnover savings, equivalent to 0.1 full-time equivalent positions, which is consistent with the current year. *The Governor recommends \$2,141 less the requested from general revenues to reflect statewide medical benefit savings.*

Lottery Division

Commission Payments. The Department requests \$409.2 million, \$14.0 million more than enacted from Lottery funds for commission payments which represents an updated estimate of payments. The appropriations act historically includes language authorizing the Lottery to pay winning prize funds and commission payments to the local casinos for the fiscal year. *The Governor recommends funding as requested.*

Lottery - Casino Staffing and Operations. The Department requests \$6.2 million from Lottery funds for casino staffing and operations. The \$0.3 million increase essentially reflect current service adjustments for its 54.0 full-time equivalent positions. The enacted budget assumed \$148,726 of turnover savings; the request reduces that by \$81,670. *The Governor recommends \$21,349 less than requested to reflect statewide benefit savings.*

Other Staffing and Operations. The Department requests \$19.2 million from Lottery funds, which is \$74,359 more than the enacted amount. This includes \$6.5 million, \$0.1 million more than the enacted amount to support for 52.8 positions; the partial position reflects a cost allocation from the Director's Office. The enacted budget assumed \$142,450 of turnover savings, the request adds salary changes of \$142,448, offset by \$49,649 of benefit savings from current benefit selections. The request also includes the enacted amount of \$239,900 for overtime expenditures. The staffing request is \$0.3 million more than FY 2019 actual spending, adjusted for cost-of-living adjustments phased in since January 2019. For all other expenditures, the Department requests \$18,440 less than enacted from Lottery funds. This includes \$99,204 more for problem gambling reimbursed by the casinos, and \$8,972 more for other disposal services and professional association membership fees, offset by \$0.1 million less for information technology equipment. *The Governor recommends \$24,734 less the requested to reflect statewide medical benefit savings.*

Division of Municipal Finance

Oversight Reimbursement. The Department's request excludes the \$50,697 from general revenues provided in the enacted budget for oversight reimbursement. The anticipated end of oversight for Woonsocket is March 2020. *The Governor's recommendation excludes this funding.*

Staffing and Operations. The Division of Municipal Finance requests \$1.5 million, \$6,413 more than enacted from general revenues for its staffing and operations. This includes \$1.3 million, \$42,451 less for salaries and benefits for the 10.0 authorized positions, assumed in the enacted budget. The request restores \$8,031 of the \$36,380 assumed turnover savings, offset by benefit plan selection savings. Consistent with the revised request, the turnover is equivalent to 0.4 full-time equivalent positions; however, consistent with current staffing, additional savings are likely available if positions are filled at a lower level than vacated. *The Governor recommends \$5,709 less the requested to reflect statewide medical benefit savings.*

City of Central Falls Operations. The Department requests the enacted amount of \$0.9 million from general revenues for the City of Central Falls. This includes \$0.3 million to reflect the state's liability to the city's pensioners impacted by the city's bankruptcy, consistent with Article 16 of 2019-H 5151, Substitute A, as amended, and \$0.6 million for operational support for Central Falls, consistent with the enacted budget. The state's liabilities decrease over time, these amounts are anticipated to exceed the actual expenses. *The Governor recommends funding as requested.*

Local Aid

Motor Vehicles Excise Tax Program. The Department requests \$115.3 million for payments made to municipalities to phase out the Motor Vehicles Excise Tax. The request adds \$21.0 million for the next year of the motor vehicle excise tax phase-out, consistent with anticipated expenditures. It is expected that updated data will alter this value. The 2010 Assembly enacted legislation mandating a \$500 exemption for municipalities which the state reimburses 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 revenues lost 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 2021 the rate cap remains at \$35 per \$1,000 assessed; changes include lowering the assessed value from 85.0 percent to 80.0 percent and raising the minimum exemption by \$1,000 to \$4,000. As of FY 2018, cars older than 15 years old are no longer taxed. Under current law the tax is eliminated as of FY 2024.

The Governor's budget includes \$100.7 million, \$6.5 million more than enacted and \$11.8 million less than current law. Article 9 of 2020-H 7171 proposes to extend the phase-out five additional years. It uses the same rate cap for FY 2021, but lowers the assessed value to 82.5 percent and raises the minimum exemption to \$3,800 for FY 2021. For FY 2019, the total cost is \$56.3 million, \$1.5 million more based on updated data. A detailed description of the program and community data is included in the Special Reports section of this publication.

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 current service level estimate until actual program numbers are available.

The Governor recommended the enacted level of funding which represents a 26.2 percent reimbursement rate; it is \$1.5 million less than full funding. She also includes Article 9 of 2020-H 7171 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. 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; this change will affect future aid calculations to communities. A detailed description of this program and community data is included in the Special Reports section of this publication.

Property Tax Revaluation Program. The Department requests \$1.1 million, which is \$0.4 million more than enacted from general revenues to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2021. The request reflects anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations in FY 2021. Expenditures fluctuate annually, on a triennial cycle including an estimated \$0.7 million for FY 2020, \$1.1 million for FY 2021, as well as actual expenditures of \$1.0 million in FY 2019. *The Governor recommends funding as requested.*

Distressed Communities. 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 Rhode Island 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. For FY 2020, eligible communities include Central Falls, Cranston, North Providence, Pawtucket, Providence, West Warwick and Woonsocket; Johnston exits the program for FY 2020, and as such, the budget provides it a 50.0 percent transition payment. *The Governor recommends \$6.2 million less than enacted. A detailed description of this program and community data is included in the Special Reports section of this publication.*

Car Rental/Surcharge - Warwick Share. Consistent with the revised request, the Department requests \$1.0 million, \$0.1 million more than the enacted amount from restricted receipts for sales taxes and rental vehicle surcharges collected and passed through to the City of Warwick for direct and indirect users of the T.F. Green State Airport. The request is consistent with FY 2019 receipts. The 2002 Assembly enacted legislation to provide the sales and vehicle rental surcharge revenues generated through customer facility charges from rental car companies at the airport. The receipts are deposited into a restricted account for the City of Warwick. *The Governor recommends funding as requested.*

Division of Taxation

Individual Mandate Staffing (1.0 FTE). The Department assumes the use of \$0.3 million from new restricted receipts, including \$0.2 million provided from HealthSource RI resources, to facilitate the implementation of the Market Stability and Reinsurance initiative as enacted in Article 11 of 2019-H 5151, Substitute A, as amended. The request assumes the initiative is supported by 3.0 full-time equivalent positions; a Data Analyst I, a Business Analyst and a Legal Counsel. The Department requests to fill two current vacancies using \$0.2 million from general revenues budgeted within the Department of Administration for HealthSource RI, and requests one new full-time equivalent position.

The legislation imposes a Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions, effective on January 1, 2020. The legislation mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's exchange \$2,388 for an individual and \$9,522 for a family of four, as of June 2019.

The budget assumes the penalty would be collected by the tax administrator and deposited into a restricted account. The funds would be used to provide reinsurance, or payments to health insurance carriers, as a means 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, but \$0.4 million from general revenues was appropriated for implementation; general revenues cannot be used for reinsurance. HealthSource RI reports it intends to provide \$0.4 million to the Division of staffing and operations. The Department subsequently reported that these expenses are intended to be implemented as a pass-through, and will not actually show as an expense in its budget. Transferring these funds and expenses directly to the Department would create administrative ease and increased transparency. Its constrained request eliminates the position and its funding. *The Governor recommends the \$0.1 million from restricted receipts and the new position essentially as requested. It appears Taxation will have filled the other two positions by March 2020.*

Other Salaries and Benefits. The Department requests \$26.5 million from all funds to support the Division's staffing. The request restores \$0.2 million of turnover savings, and includes seasonal wages equal to FY 2019 actual spending. The enacted budget assumed \$22.4 million from general revenues, \$1.4 million from federal unemployment insurance funds, \$1.0 million from state Job Development funds, and \$1.1 million from state Temporary Disability Insurance funds, and \$0.2 million from Motor Fuel Evasion funds. The request adds \$0.4 million from general revenues, which is \$0.1 million more than the current service level. It also adds \$0.2 million each from unemployment insurance, Job Development funds, and Temporary Disability Insurance to reflect the current service level and includes \$0.2 million from Motor Fuel Evasion funds. The request assumes turnover equivalent to 8.5 positions, which is consistent with the revised request, but additional turnover savings are likely available based on historical staffing levels and vacancies through the first half of FY 2020. *The Governor recommends \$0.3 million less than requested primarily from general revenues to reflect statewide medical benefit savings.*

Revenue Enhancement and Compliance (2.0 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. When new revenue proposals are advanced there can be implementation costs.

The Governor's budget includes \$30.0 million of new general revenues from proposed initiatives to increase revenues and enhance compliance. These include expansion of the sales taxes, reciprocal offset payments, and the expansion of taxes on e-cigarettes. She includes \$1.3 million for implementation costs, including \$0.7 million to fund 7.0 full-time equivalent positions, 2.0 of which are new, and \$0.7 million primarily for outreach.

Integrated Tax System Maintenance and Support. The Department requests \$4.1 million from general revenues for maintenance and support and vendor services. The enacted budget assumes \$2.9 million is paid through the Information Technology Investment Fund in the Department of Administration's budget, with proceeds made available from surplus state land sales. The allocation was assumed to be available one time, the request restores the expenses to general revenues. The request is \$3.0 million more than enacted. *The Governor recommends funding as requested.*

Other Operations. The Department requests the enacted amount of \$2.2 million from all sources for all other Division of Taxation operations. The request includes \$2.1 million from general revenues, and \$0.1 million from other sources based on the activities funded, including \$32,734 from federal Unemployment Insurance, \$25,823 from Temporary Disability Insurance, and \$15,137 from the Job Development Fund. Expenditures include \$0.8 million for printing and postage, \$0.5 million for information technology support, \$0.2 million each for travel, multistate tax auditing services, professional memberships and web

portal licensing fees, and \$0.3 million for all other expenses. General revenues represent 96.6 percent of expenditures. Consistent with its regular practice, some expenses are realigned to reflect actual or anticipated expenditures; however, the request is \$0.1 million less than FY 2019 actual expenditures, primarily reflecting travel expenses incurred for audits. *The Governor recommends funding as requested.*

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

For the state auditor's 2019 closing report, the expenditure credits used to compensate the third party vendors were reclassified as expenses within the Division's budget. The report included an additional \$3.7 million of revenues, of which \$3.2 million was from personal income taxes, with the remainder from the business corporation, sales and use, and cigarette taxes. The increased expenditures totaled \$3.7 million, or \$32,658 more than the revenues collected. *The Governor's budget makes a similar adjustment for FY 2021. This includes a recognition of \$1.8 million in payments as both revenues and expenditures to account for this change in accounting practice.*

Administrative Fee on Pass-Through Taxes. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Taxation proposes to implement a 2.0 percent administrative fee on pass-through taxes which it collects, monitors, and distributes proceeds to the state's municipalities. This includes the 1.0 percent hotel and meal and beverages taxes. It estimates imposing a fee could increase general revenues by \$745,000, which would be the amount withheld from local municipalities. The Public Service Corporation tax imposed under Rhode Island General Law, Chapter 44-13 is a similar pass-through which allows for the use of up to 0.75 percent for administrative expenses; these funds are deposited as general revenues. *The Governor's budget includes language in Articles 8 and 12 to effectuate this change and expand the collections to include the 5.0 percent hotel and real estate conveyance taxes that are collected by the state. It assumes \$0.8 million from these revenues.*

Filing Fee Increases. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Taxation reviewed the fees for letters of good standing, estate tax filings and tobacco dealer fees. It recommends doubling the fees for letters of good standing and estate tax filings from \$50 to \$100, and tobacco dealers' licensing fee from \$25 to \$50. Based on FY 2019 experience, the Department estimates increased collections of \$0.3 million from the letters of good standing, \$0.2 million from the estate tax, and \$50,300 from the tobacco dealers' licenses.

Letters of good standing are required for a variety of reasons from both C-corporations and S-corporations to show the business is in compliance with its state tax obligations. Business owners may require one for reasons including, but not limited to, claiming certain tax credits, for business loans, to transfer major assets, for a new or upgraded liquor license, or to dissolve its corporate status. The 2011 Assembly doubled the fee to \$50. The estate tax filings are paid by representatives or beneficiaries of estates larger than \$1.6 million for decedents dying after January 1, 2020. The corresponding tax credit amount for FY 2020 is \$69,515, up \$1,165 from the prior year.

The Governor's budget includes legislation in Article 21 which makes several changes to the state's cigarette licensing, including merging e-cigarette entities and products into this license. Changes include increasing the dealer's application fees from \$25 to \$75, raising annual licensing fees to \$400, and subjecting manufacturers to the \$1,000 license fee for importers and certain distributors.

Division of Motor Vehicles

License Plate Reissuance. The Department requests \$4.6 million from general revenues to stock the new plates at its registry locations in order to implement the reissuance 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 Governor's FY 2020 budget recommendation repealed the reissuance requirement; however, the 2019 Assembly did not concur and enacted Article 7 of 2019-H 5151 Substitute A, as amended, which delays the statutory license plate reissuance by five months from January 1, 2020 to June 1, 2020, and establishes a reporting requirement regarding progress toward meeting the required start date. The reissuance had been delayed six times previously, twice as recommended by Governor Chafee and four times by Governor Raimondo. The enacted budget increases the fee per plate set from \$6 to \$8 to offset the cost for these replacements. As part of its constrained request, the Department reduces expenditures by \$0.2 million. This reflects the value of the average number of plates issued in a month rather than the schedule assumed for reissuance, which it reports would result in having an insufficient number amount of stock for June 2021. *The Governor recommends funding as requested.*

Real ID Staffing and Operations. The Department request \$3.2 million from general revenues for staffing and operations related to the continuing implementation of federal Real ID requirements for FY 2021, \$0.3 million less than enacted. The staffing request includes \$2.7 million to fully fund 40.0 full-time equivalent positions. The request does not specifically assume any turnover savings; however, not all positions are filled.

The request includes \$0.4 million less for license printing and \$20,000 less for security services, offset by \$0.1 million more for advertising. The initiative launched the first week of December 2018. The reductions reflect the operational needs as the initial compliance period wanes; however, with less uptake than anticipated by the public, the Department is requesting additional funding for outreach and to maintain its staffing level. 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 October 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.

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

As part of its constrained request the Department reduces its request by \$2.4 million, excluding the requests for advertising, and 32.0 full-time equivalent positions originally authorized in support of this initiative. *The Governor recommends \$0.9 million less than requested to reflect filling fewer positions as customer volume decreases after the October 2020 implementation date.*

Rhode Island Motor Vehicle System. The Department requests \$3.1 million for contractual support for the Rhode Island Motor Vehicle System. The request includes \$1.4 million from general revenues, \$30,000 less than enacted, and the enacted amount of \$1.7 million from restricted receipts based on updated expenses. The Department also includes a \$1.7 million increase from restricted receipts that was inadvertent.

The requested funding reflects ongoing maintenance and operations support for the Rhode Island Motor Vehicle System, otherwise known as RIMS. The reduction reflects a lower level of contracted personnel

costs than assumed in the enacted budget. Article 7 raised the technology surcharge applied to all Division of Motor Vehicles transactions by \$1.00 to \$2.50, makes the fee permanent, and prohibits the fee from being applied to motor vehicle inspections, effective July 1, 2019. The revenues deposited in the Information Technology Investment Fund consistent with the 2018 Appropriations Act will continue through FY 2022 with the increased revenues are available for immediate use by the Division and the entire fee would be available to the Division after FY 2022. The Budget assumes this will generate \$1.6 million of new revenues for the division. *The Governor recommends \$1.7 million primarily from restricted receipts. This inadvertently includes the increased restricted revenues.*

Extended Saturday Hours. The Department requests \$0.1 million from general revenues to offer Saturday hours every other weekend for one year, by appointment for Real ID issuance. The Department reports this is intended to assist with wait times by alleviating some of the volume for Real ID issuance. The request assumes overtime for 20 staff, to serve 275 Real ID customers from 8:30 a.m. to 12:30 p.m. on applicable Saturdays. The reservations are also assumed to allow the Division to manage the actual staffing level to the customer volume scheduled on any applicable Saturday. The initial issuance of Real ID cannot be done online, and the transaction is two to three minutes longer per customer which drives additional overtime during regular hours. The Department does not assume these hours impact any other requests, but allow better service to the volume of customers requiring new Real ID credentials prior to October 1, 2020. *The Governor recommends funding as requested.*

CDL Road Test Transfer (3.0 FTE). The Department requests \$0.1 million from general revenues to transfer the operations of the state's Commercial Driver's License testing from the Community College of Rhode Island to the Division of Motor Vehicles.

The Community College of Rhode Island, Division of Workforce Partnerships administer the written and road test preparation classes, as well as the final road test. The preparation courses are not required to be licensed, excluding certain endorsements, but each are available for fee. Applicants must register for the road test, and provide the appropriate class of vehicle for the test, including proof of inspection, registration, and insurance, as well as a valid license, medical card, commercial driver's license permit along with a sponsor validly licensed for the testing vehicle. Failure to comply with these provisions results in loss of the \$100 testing fee; reregistering is an additional \$100. The current staff are part-time, not regularly scheduled and cannot independently verify the necessary documentation. After a successful test the individual must separately go to the registry to process the new license.

Transferring these responsibilities to the Division allows testers to confirm the documentation status, including producing any missing document at regular cost to the individual. Upon a successful test the Division can process the license on site. As part of its constrained request, the Department excludes this funding. *The Governor recommends funding as requested and includes Article 3, Section 6 of 2020-H 7171 to effectuate the transfer. Her budget assumes \$0.1 million of new general revenues previously collected as restricted receipts.*

Federal CDL Grants. The Department's request excludes \$0.5 million from federal funds assumed in the enacted budget for federal safety programs designed to improve highway safety through enhanced state compliance and greater motor carrier safety tracking and process improvement. The request excludes \$0.1 million of program implementation grant funds and \$0.4 million from a Performance Information Systems Management grant. Delays in American Association of Motor Vehicle Administrator software guidance have delayed the project. *The Governor recommends funding as requested.*

Inspection Violation (2.0 FTE). For FY 2019, The Department requested \$0.2 million from general revenues and 3.0 new full-time equivalent positions for the Division of Motor Vehicles to begin enforcing registration suspensions for failure to comply with the state's inspection requirements, for inspections and adjudication. Subsequent to the Department's budget submission, the Governor announced suspension of

the effort until the legislature had an opportunity to review it. Implementation of this proposal would have been within the Department's regulatory authority and did not require a statutory change. Her FY 2019 budget recommendation included \$2.6 million of new revenues from implementing a \$250 reinstatement fee for registrations revoked for a violation. The 2018 Assembly did not concur with this proposal and prohibited the collection of a fee for these registration revocations.

The Governor's budget recommendation includes legislation in Article 6 of 2020-H 7171 to establish a \$100 reinstatement fee for a registration revoked for an inspection violation and assumes \$1.8 million in new revenues. The recommendation also includes \$0.2 million from general revenues and 2.0 new full-time equivalent positions to implement this proposal.

Other Salaries and Benefits. The Department requests \$16.4 million from all sources of funds, essentially all from general revenues for the Division's remaining 170.5 positions. The request is \$0.4 million more than assumed in the enacted budget; the increase is essentially equivalent to the requested restoration of turnover savings. The enacted budget assumes turnover of 16.5 positions; the request includes turnover equivalent to 9.8 positions. *The Governor recommends \$82,624 less than requested, including \$0.1 million less from general revenues to reflect statewide medical benefit savings.*

Other Operations. The Department requests \$5.4 million for all other expenses for the Division of Motor Vehicles, nearly all from general revenues. The request is \$42,475 more from general revenues and includes the enacted amount of \$14,763 from restricted receipts. The Department made adjustments to several expenditures to reflect prior spending. The increased general revenue request includes \$14,000 more for utilities expenses, \$10,500 more for uniforms and waste services, supplies and information technology expenses, and \$10,000 more armored car expenses, offset by \$287 less for certain professional membership fees. *The Governor recommends funding as requested.*

Expired License and Registration Fee. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Motor Vehicles proposes to implement a \$15 late fee for any license or registration renewed after its expiration. The Department reports that wait times are exacerbated at the beginning and end of each month as motorists renew registrations right before or soon after expiration. The Department estimates that implementing the late fee will lead to a more even distribution of customers throughout the month.

The Department estimates \$1.1 million of new revenues, equivalent to 100,980 transactions, assuming an October 1, 2020 start date. The volume is based on the FY 2019 experience: 50,497 credentials and 61,702 registrations, totaling 112,199 transactions. It assumes 10.0 percent fewer late transactions. Collections are estimated to annualize to \$1.5 million. It should be noted that if the fee has its intended effect, it may fail to collect the proposed revenues.

The Governor's recommendation includes this proposal and also proposes to increase the fee for online requests for certified driving records from \$16 to \$20. Her budget includes legislation in Article 6 of 2020-H 7171 to effectuate these changes and assumes \$1.8 million of revenues associated with these changes, of which \$0.7 million is from the certified driving records proposal.

Hard Copy Driver's Manual Fees. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Motor Vehicles proposes to implement a \$5 fee for physical copies of the Driver's Manual and Commercial Driver's License Manual, effective October 1, 2020. Electronic versions of the manual are available free of charge on the Division of Motor Vehicle Website; the Department reports annual expenditures of approximately \$91,000 for 48,000 physical copies, including commercial driver's license, and English and Spanish language operator's manuals. Collections are estimated to annualize to \$227,500. The Department reports the charge is based on the amount charged by Massachusetts. *The Governor does not recommend this proposal.*

In-Person Transaction Fee. The Department provided revenue enhancements in lieu of spending reductions in order to achieve its budget target. The Division of Motor Vehicles proposes to implement a \$15 fee for completing a transaction in person at a registry location, effective October 1, 2020. The Department reports that its online services are underutilized, and that implementing such a fee will encourage additional online transactions and reduce wait times. The proposal is based on the 75,283 in-person transactions during FY 2019, and assumes 10.0 percent fewer in-person transactions. The Department estimates \$0.8 million of new revenues; collections are estimated to annualize to \$1.0 million. *The Governor does not recommend this proposal.*

Collections - Staffing and Operations. The Department requests \$0.9 million, \$47,488 less from general revenues for staffing and operations expenses for the Division of Collections. The enacted budget includes \$0.7 million to support 8.0 full-time equivalent positions.

The FY 2019 enacted budget assumed a \$0.8 million net revenue impact from establishing the Division. The FY 2020 enacted budget added \$0.8 million from the addition of a new legal position, for a total net revenue impact of \$1.5 million. The May 2019 Revenue Estimating Conference adopted revenue estimate assumes \$0.5 million of collections in FY 2020 and \$1.0 million in FY 2021. Testimony from the November 2019 Revenue Estimating Conference was that collections totaled \$0.2 million. It was also noted that of the \$6.2 million in debt referred for collections, \$2.5 million of it was in litigation. The FY 2018 Appropriations Act which authorized the Division provides for a requirement to report on its performance, effectiveness, and revenue impact, including the total amounts referred by and collected on behalf of each referring agency as of September 1, 2020, and includes a sunset date of June 30, 2021.

The Governor recommends \$3,090 less the requested to reflect statewide benefit savings. She also includes legislation in Article 3 which requires all state agencies, quasi-public corporations, boards or commissions to begin utilizing the services of the Department of Revenue's Collections Unit as of October 1, 2020, with all existing eligible debts forwarded by January 31, 2021, and all new debts within 30 days of eligibility after February 1, 2021. The proposal also expands the Unit's ability to utilize third party services to include prosecution for collections; adds the principal debt to the amounts eligible for negotiation of settlement; permits the Unit to refer a debt back to the originating agency; and permits the Unit to assess a 15.0 percent fee when the general revenue share of an amount collected is less than 50.0 percent.

Legislature

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
General Assembly	\$ 6,305,160	\$ 10,435,613	\$ 6,422,610	\$ 6,373,767
Fiscal Advisory Staff	1,987,588	2,019,930	2,017,814	2,011,174
Legislative Council	5,208,213	5,118,967	5,071,350	5,042,783
Joint Comm. Oon Legislative Affairs	26,035,705	29,161,144	27,438,206	27,342,009
Office of the Auditor General	6,085,820	6,019,256	6,151,609	6,130,604
Special Legislative Commissions	13,629	13,900	13,900	13,900
Total	\$ 45,636,115	\$ 52,768,810	\$ 47,115,489	\$ 46,914,237
Expenditures by Category				
Salaries and Benefits	\$ 38,500,770	\$ 39,188,071	\$ 39,749,471	\$ 39,548,219
Contracted Services	680,500	1,550,100	700,100	700,100
Subtotal	\$ 39,181,270	\$ 40,738,171	\$ 40,449,571	\$ 40,248,319
Other State Operations	3,588,345	6,998,139	3,726,918	3,726,918
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,300,000	2,300,000	2,300,000	2,300,000
Capital	566,500	2,732,500	639,000	639,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 45,636,115	\$ 52,768,810	\$ 47,115,489	\$ 46,914,237
Sources of Funds				
General Revenue	\$ 43,804,101	\$ 50,963,049	\$ 45,270,006	\$ 45,075,055
Federal Aid	-	-	-	-
Restricted Receipts	1,832,014	1,805,761	1,845,483	1,839,182
Other	-	-	-	-
Total	\$ 45,636,115	\$ 52,768,810	\$ 47,115,489	\$ 46,914,237
FTE Authorization	298.5	298.5	298.5	298.5

Summary. The Legislature estimates FY 2021 expenditures of \$47.1 million and 298.5 full-time equivalent positions. This includes \$45.3 million from general revenues and \$1.8 million from restricted receipts.

The Governor recommends \$0.2 million less than requested, including \$194,951 less from general revenues, to reflect statewide medical benefit savings.

Office of the Lieutenant Governor

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,085,799	\$ 1,049,865	\$ 1,065,347	\$ 1,061,410
Contracted Services	-	34,010	80,535	32,535
Subtotal	\$ 1,085,799	\$ 1,083,875	\$ 1,145,882	\$ 1,093,945
Other State Operations	61,267	61,267	61,267	68,327
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	750	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,147,816	\$ 1,145,892	\$ 1,207,899	\$ 1,163,022
Sources of Funds				
General Revenue	\$ 1,147,816	\$ 1,145,892	\$ 1,207,899	\$ 1,163,022
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,147,816	\$ 1,145,892	\$ 1,207,899	\$ 1,163,022
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 2021 which is \$60,083 more than enacted. The request includes 8.0 full-time equivalent positions, consistent with the enacted authorization.

The Governor recommends \$1.2 million from all sources, which is \$15,206 more than enacted and the authorized 8.0 full-time equivalent positions.

Target Issues. The Budget Office provided the Office with a general revenue target of \$1.1 million. The amount includes current service adjustments of \$12,083 and a 5.0 percent target reduction of \$56,947.

FY 2021 Budget	Budget Office	Lieutenant Governor	Difference
FY 2020 Enacted	\$ 1,147,816	\$ 1,147,816	\$ -
Current Service Adjustments	12,083	(20,452)	(32,535)
New Initiatives	-	80,535	80,535
Change to FY 2020 Enacted	\$ 12,083	\$ 60,083	\$ 48,000
FY 2021 Current Service/Unconstrained Request	\$ 1,159,899	\$ 1,207,899	\$ 48,000
Target Reduction/Initiatives	(56,947)	(80,535)	(23,588)
FY 2021 Constrained Target/Request	\$ 1,102,952	\$ 1,127,364	\$ 24,412
<i>Change to FY 2020 Enacted</i>	<i>\$(44,864)</i>	<i>\$(20,452)</i>	<i>\$ 24,412</i>

The constrained budget submitted by the Department is \$24,412 more than the target. The proposal to achieve the reduction is noted among the items below where appropriate. *The Governor's recommendation is \$60,070 more than the target.*

Legal Services. The Office requests \$80,535 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 for FY 2020. Of the total, \$32,535 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 for general legal services. In FY 2019, the Office spent \$54,511 on legal services despite no funding being included in the final enacted budget, which was consistent with its constrained budget request. Its revised request includes funding for these services, as it has already spent approximately \$16,500 through November 7, 2019, and reports first quarter legal expenses that have not yet been billed.

The Office's constrained budget request excludes all funding for legal services. *The Governor recommends only the \$32,535 related to Commission hearings, consistent with the revised recommendation..*

Salaries and Benefits. The Office requests \$1.1 million from general revenues for staffing expenses, which is \$20,452 less than enacted and fully funds all 8.0 full-time equivalent positions. The FY 2020 enacted budget includes \$50,000 to fund changes to titles and pay staff upgrades based on a January 2019 plan. The final decision was to upgrade two positions and the FY 2021 request excludes the remaining funds. *The Governor recommends \$3,937 less than requested for statewide medical benefit savings.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The FY 2021 request is consistent with the enacted amount of \$20,953 from general revenues. This is \$2,219 less than spent in FY 2019 because of a onetime expense for software upgrades; final expenditure were \$555 above the final budget. *The Governor recommends \$7,060 more than requested based on Budget Office estimates.*

Other Operations. Consistent with the enacted budget, the Office requests \$41,064 for all other expenses. These expenses include office supplies, computer equipment, and out of state travel. The Office had inadvertently included \$9,535 in its FY 2020 request for a vehicle for which the last payment was made in FY 2019. The Office maintains that funding in its FY 2021 request, but does not allocate it for any specific purpose. This is consistent with the revised request. *The Governor recommends funding as requested.*

Office of the Secretary of State

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Administration	\$ 3,875,528	\$ 3,810,157	\$ 3,936,993	\$ 3,481,901
Corporations	2,291,898	2,291,898	2,555,962	2,303,182
Elections and Civics	3,133,331	3,927,101	3,789,476	3,356,205
Office of Public Information	477,568	444,084	531,486	494,011
State Archives	539,342	543,713	5,623,846	622,913
State Library	683,490	738,137	754,669	686,981
Total	\$ 11,001,157	\$ 11,755,090	\$ 17,192,432	\$ 10,945,193
Expenditures by Category				
Salaries and Benefits	\$ 6,319,043	\$ 6,646,735	\$ 6,838,410	\$ 5,637,876
Contracted Services	1,472,245	1,182,891	456,837	436,837
Subtotal	\$ 7,791,288	\$ 7,829,626	\$ 7,295,247	\$ 6,074,713
Other State Operations	2,908,119	3,426,714	4,541,685	4,344,980
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	143,000	243,000	163,000	163,000
Capital	143,750	225,750	5,152,500	322,500
Capital Debt Service	-	-	-	-
Operating Transfers	15,000	30,000	40,000	40,000
Total	\$ 11,001,157	\$ 11,755,090	\$ 17,192,432	\$ 10,945,193
Sources of Funds				
General Revenue	\$ 9,533,255	\$ 9,489,047	\$ 11,299,934	\$ 9,883,628
Federal Aid	1,016,230	1,810,000	389,155	389,155
Restricted Receipts	451,672	456,043	503,343	502,410
Other	-	-	5,000,000	170,000
Total	\$ 11,001,157	\$ 11,755,090	\$ 17,192,432	\$ 10,945,193
FTE Authorization	59.0	59.0	59.0	59.0

Summary. The Office of the Secretary of State requests FY 2021 expenditures of \$17.2 million, which is \$6.2 million more than the FY 2020 enacted budget. The request includes \$1.8 million more from general revenues, \$0.6 million less from federal funds, \$51,671 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 \$10.9 million or \$0.1 million less than enacted from all sources, including \$9.9 million from general revenues which is \$0.4 million more than enacted. The recommendation is \$6.2 million less than requested, including \$1.4 million from general revenues and \$4.8 million from Rhode Island Capital Plan funds.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$9.3 million. The amount includes current service adjustments of \$0.1 million and a 5.0 percent target reduction of \$0.4 million, adjusted for certain exclusions. The Office did not submit a constrained budget request. The Office's request is \$1.6 million above the Budget Office's current services level and \$2.0 million above the target. *The Governor's recommendation is \$0.6 million above the target.*

FY 2021 Budget	Budget Office	Secretary of State	Difference
FY 2020 Enacted	\$ 9,533,255	\$ 9,533,255	\$ -
Current Service Adjustments	142,627	1,122,929	980,302
New Initiatives	-	643,750	643,750
Change to FY 2020 Enacted	\$ 142,627	\$ 1,766,679	\$ 1,624,052
FY 2021 Current Service/Unconstrained Request	\$ 9,675,882	\$ 11,299,934	\$ 1,624,052
Target Reduction/Initiatives	(359,344)	-	359,344
FY 2021 Constrained Target/Request	\$ 9,316,538	\$ 11,299,934	\$ 1,983,396
<i>Change to FY 2020 Enacted</i>	\$ (216,717)	\$ 1,766,679	\$ 1,983,396

Election Expenses. The Office requests \$2.8 million in expenditures from general revenues for election expenses in FY 2021, which includes a primary in September as well as a general election in November. The request is \$1.1 million more than enacted and \$0.7 million more than the Budget Office current service estimate. Requested expenditures are \$0.1 million more than the last presidential election year, FY 2017. From the Budget Office estimate, the request includes \$0.2 million more for printing and postage, \$0.2 million for election related equipment not included in the Board of Elections' budget, and \$0.2 million to upgrade modems supporting the voting machines. *The Governor recommends total funding essentially as requested and provides the costs for the Board of Elections equipment from Rhode Island Capital Plan funds. The equipment is expected to last multiple election cycles and includes 200 AutoMark tables, 500 privacy booths, and other equipment necessary for the November 2020 election.*

Help America Vote Act Election Security Grant. The Office requests \$0.4 million or \$0.6 million less than enacted from the federal Help America Vote Act Election Security Grant. The decrease represents expected remaining funding. Funding is supporting the upgrade of the central voter registration system, the implementation of cybersecurity and data recovery best practices, e-poll book resources, election administration grants for cities and towns, risk limiting audits, election day incident management software, mail ballot opening and scanning equipment, and polling place operational improvements. The Secretary of State, in conjunction with the Board of Elections, received \$3.0 million from the grant in FY 2019; the Office spent \$0.9 million in FY 2019. The FY 2020 revised request carries forward \$0.7 million for a total of \$1.8 million. The \$0.4 million requested for FY 2021 represents the balance of the grant. *The Governor recommends funding as requested.*

Salaries and Benefits. The Office requests \$6.8 million from all sources to fully staff the Office in FY 2021. The request is \$0.5 million more than enacted; all but \$8,095 is from general revenues. The enacted budget includes \$0.4 million in turnover savings and would fund 51.0 full-time equivalent positions; the request includes \$0.1 million for current service adjustments and restores the \$0.4 million of turnover savings to fund 55.0 positions. Funding for 4.0 positions is in the Records Center Internal Service Fund, discussed later, for total staffing of 59.0 positions.

The Governor recommends \$1.2 million less than requested and \$0.7 million less than enacted. The decrease mostly represents turnover savings which appears to understate actual need based on the staffing levels at the time of the recommendation. The Governor's FY 2020 revised recommendation assumes roughly one vacancy; the FY 2021 recommendation appears to assume 12.0 vacancies. As of the pay period ending January 18, 2020, the Office has 1.0 vacancy.

eGov Projects. The Office requests \$48,683 less than enacted from general revenues for eGov information technology projects for which the enacted budget includes \$0.8 million. The Office's FY 2020 revised request shifts funding from this to fund staffing during FY 2020. The FY 2021 request maintains most of the funding for the projects and is \$0.1 million more than was spent during FY 2019. The Office could not provide information about specific projects, but noted that projects under the eGov umbrella include the redesign of the lobby tracker application, the open meeting user interface, and the Boards and Commissions

database and webpage as well as revising the Rhode Island Government owner's manual and restructuring the business services database. *The Governor recommends funding as requested.*

State Archives. The Office requests \$5.3 million from all fund sources for the operation of the state archives. The request is \$5.1 million more than enacted, including \$32,833 more from general revenues, \$43,576 more from restricted receipts from the Historical Records Trust Fund, and \$5.0 million from Rhode Island Capital Plan funds. The increase to general revenues and restricted receipts mostly reflects placeholder funding for the Office to rent a new location effective June 2020. The current leased location on Westminster Street in Providence must be vacated by June so that the current landlord can perform build-out for the next tenant. The Office has not released a request for proposals to find a new location as of November 8, 2019.

The requested \$5.0 million from Rhode Island Capital Plan funds is to allow the Office to begin the construction of a new State Archives building, consistent with the Office's capital request. It should be noted that the approved plan includes funding in the Department of Administration's capital budget for a feasibility study on the potential reuse of the Department of Transportation's building for a new archives building. *The Governor recommends general revenue and restricted receipt funding as requested. The recommendation does not include any Rhode Island Capital Plan funds.*

Legal Services. The Office requests \$90,000 or \$30,000 more than enacted from general revenues for legal services not related to the election. The increase includes \$20,000 for anticipated costs from a lawsuit filed by the Providence Journal regarding the release of voter record lists with full dates of birth. The remaining increase of \$10,000 brings expenses more in line with actual FY 2019 expenses. The FY 2020 revised request does not increase these legal services and likely understates these expenditures if FY 2019 is the appropriate measure. *The Governor does not include the \$20,000 for the lawsuit, recommending \$10,000 more than enacted to reflect actual FY 2019 expenditures.*

Business Database Promotion. The Office includes a request of \$15,000 from general revenues for promoting its business database. Similar funding was requested to promote the Office's business database as part of the FY 2020 budget cycle. Funding was included in the final FY 2019 budget for that purpose; however, the Office did not spend any of the \$20,000 for advertising and noted that most of the promotion was done internally. The Office's Facebook page shows a number of business-related advertisements. No funding was included as part of the FY 2020 enacted budget. 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. *The Governor does not recommend funding.*

Records Center. The Office requests \$1.0 million or \$0.1 million more than enacted from other funds for the Records Center. The request reflects funding approximately 4.0 positions. The increase mostly reflects the addition of rental costs for the new leased State Archives location, discussed earlier. Records Center employees are housed at the State Archives facility. The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs for record storage and retrieval. *The Governor recommends \$1,414 less than requested to reflect statewide medical benefit savings.*

Rhode Island Government Owner's Manual. The Office requests \$21,000 or \$17,000 more than enacted to publish the Rhode Island Government Owner's Manual, which is only printed in odd numbered years, per Rhode Island General Law, Section 22-3-12. This is \$1,411 more than FY 2019 expenditures. *The Governor recommends funding as requested.*

State House Tour Program. The Office requests \$40,000 or \$10,000 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. Of the final FY 2019 appropriation of \$30,000, the Office spent \$28,395. Funding supports both the tour guides as well as activities hosted by the State Library, such as the Spooky State House program. The Office notes the requested increase would allow hosting more of these exhibitions at the State Library, but did not provide specifics. *The Governor recommends funding as requested.*

State House Visitor Center. Consistent with the enacted budget, the Office requests \$25,000 from restricted receipts to fund the State House Visitor 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 \$20,639 in FY 2019 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 Newport Historical Society. The funding is required in accordance with Rhode Island General Laws, Sections 29-2-1 and 29-2-2, which provides \$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 \$70,570 or \$2,041 less than enacted for information technology services; the reduction is entirely from general revenues. It should be noted that the request is \$17,059 higher than actual FY 2019 charges. *The Governor recommends \$18,648 less than requested from general revenues based on Budget Office estimates.*

Other Operations. The Office requests \$0.7 million or \$0.1 million more than enacted from general revenues for other expenses. The request includes an increase of \$17,700 to reflect FY 2019 travel expenditures. The Office notes that the leadership team has been attending both the winter and summer conferences of the National Association of Secretaries of State. There is also an increase of \$20,000 for two temporary workers assisting with the scanning project, an effort to digitize approximately 38,000 active files, containing between 2 and 1,000 pages. It should be noted the request assumes these two temporary workers would work 35 hours per week making them effectively full-time equivalent positions without benefits paid through contracted services. The positions would also be needed for the next several years. Excluding these increases, the request reflects an effort to align the budget to FY 2019 expenses. It should be noted that the FY 2020 revised request does not reflect these historical expenses. *The Governor recommends funding as requested.*

Office of the General Treasurer

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
General Treasurer	\$ 3,595,210	\$ 3,519,690	\$ 3,720,099	\$ 3,555,533
Unclaimed Property	25,350,100	25,401,199	25,873,471	25,868,450
Employees' Retirement System	11,968,213	11,815,326	13,076,942	13,052,673
Crime Victim Compensation	1,742,118	1,684,722	2,027,228	2,150,337
Subtotal	\$ 42,655,641	\$ 42,420,937	\$ 44,697,740	\$ 44,626,993
Expenditures by Category				
Salaries and Benefits	\$ 10,909,721	\$ 10,867,919	\$ 11,491,591	\$ 11,359,216
Contracted Services	4,943,392	4,943,392	5,456,594	5,456,594
Subtotal	\$ 15,853,113	\$ 15,811,311	\$ 16,948,185	\$ 16,815,810
Other State Operations	25,249,553	25,056,651	25,721,630	25,658,149
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,488,550	1,488,550	1,895,000	2,020,109
Capital	64,425	64,425	132,925	132,925
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 42,655,641	\$ 42,420,937	\$ 44,697,740	\$ 44,626,993
Sources of Funds				
General Revenue	\$ 3,037,551	\$ 2,965,993	\$ 3,478,671	\$ 2,991,420
Federal Aid	998,974	995,090	1,012,292	1,011,042
Restricted Receipts	37,955,257	37,828,125	39,564,179	39,984,107
Other	663,859	631,729	642,598	640,424
Total	\$ 42,655,641	\$ 42,420,937	\$ 44,697,740	\$ 44,626,993
FTE Authorization	89.0	89.0	89.0	89.0

Summary. The Office requests \$44.7 million, which is \$2.0 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 \$44.6 million from all sources, which is \$2.0 million more than enacted including \$46,131 less from general revenues. The recommendation is \$0.1 million less than requested including \$0.5 million less from general revenues recommended. Staffing is at the enacted level as requested.

Target Issues. The Budget Office provided the Office with a general revenue target of \$3.3 million. The amount includes current service adjustments of \$25,785 for salaries and benefits, \$350,000 for the Crime Victim Compensation program to compensate for higher claims not supported by revenues, and a 5.0 percent target reduction of \$143,133. The Office did not submit a constrained budget. *The Governor's budget is \$0.3 million less than the target.*

FY 2021 Budget	Budget Office	Treasurer	Difference
FY 2020 Enacted	\$ 3,037,551	\$ 3,037,551	\$ -
Current Service Adjustments	375,785	441,120	65,335
Change to FY 2020 Enacted	\$ 375,785	\$ 441,120	\$ 65,335
FY 2021 Current Service/ Unconstrained Request	\$ 3,413,336	\$ 3,478,671	\$ 65,335
Target Reduction/Initiatives	(143,133)	-	143,133
FY 2021 Constrained Target/Request	\$ 3,270,203	\$ 3,478,671	\$ 208,468
<i>Change to FY 2020 Enacted</i>	\$ 232,652	\$ 441,120	\$ 208,468

Crime Victim Compensation. The Office requests \$2.0 million for the crime victim compensation program, which is \$0.3 million more than enacted. The Office requests \$350,000 more from general revenues for claims offset by \$21,502 less from general revenues, \$23,178 less from restricted receipts, and \$20,210 less from federal funds for program administration including 4.0 full-time equivalent positions and partial cost allocations of 11 positions to the program. The request does shift the cost of approximately one half of a position to other programs. Historically, restricted receipts and federal funds have been sufficient to support administrative costs, but because at the same time receipts have been declining, the average claim amount and the number of claims has been increasing, the Budget Office added \$350,000 when calculating its current service estimate.

The program pays claims from restricted receipts from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. Receipts have been declining since FY 2013; as restricted receipts decrease, so do the federal reimbursements. At the same time receipts have been declining, the average claim amount and the number of claims has been increasing. Between FY 2015 and FY 2018, annual claims increased from 100 to 160 and the average claim grew by 90.6 percent from \$1,725 to \$3,288. This increase appears to be related to the 2016 legislation that increased the maximum relocation award from \$2,500 to \$5,000; testimony at the time was that expansion would have no state fiscal impact.

The Treasurer's Office implemented some policy changes about how relocation claims are handled beginning in June 2018 including limiting the amount of time the award is good for and limiting the amount of rent to be reimbursed to market rates. Relocation expenses did decline in FY 2019 as well as the average relocation claim suggesting that the policy changes have been somewhat successful. However, the issue of misaligned expenditures with revenues does persist.

The Governor recommends \$0.4 million more than enacted, which is \$0.1 million more than requested from all sources, including \$0.3 million less from general revenues. The Governor does not recommend the additional general revenue funding for claims but does include an additional \$450,000 from restricted receipts based on the Governor's proposal to prioritize the payment of court costs related to prosecution over court ordered restitution payments. Under current law, court ordered restitution is the first payment made. The goal is to provide more funding for the crime victim compensation program though it is uncertain if this change will produce the additional receipts.

Retirement System Computer System. The FY 2021 budget request for \$3.2 million from Retirement System restricted receipts for its recently replaced computer system is \$0.8 million more than enacted. 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 hired temporary staff during FY 2018 as part of the data validation project to correct historic data with the goal of reducing pension processing time. This work will continue through FY 2021. The request also includes \$150,000 to purchase a disability software package and \$0.4 million for the payment of the contract holdback pending completion of the remaining items. *The Governor recommends funding as requested.*

Retirement System Personnel. The Office requests \$6.9 million to fund most of the Retirement System's 43.0 full-time equivalent positions, which is \$0.4 million more than enacted. The request includes an additional \$0.1 million to restore the turnover savings in the enacted budget, \$0.1 million for step increases, and \$0.2 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 \$24,269 less than requested to reflect statewide medical benefit savings.*

Other Retirement System Expenses. The Office requests \$2.7 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 \$20,256 more than enacted. *The Governor recommends funding as requested.*

Unclaimed Property. The Office requests \$24.1 million for unclaimed property, which is \$0.4 million more than enacted. This includes \$9.3 million for the transfer from unclaimed property to the state, \$0.6 million less than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. The Office requests \$14.0 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 reflect that. The request includes \$0.6 million for auditors that are reimbursed a portion of the revenue recovered, which is \$0.1 million more than enacted. The request also includes an additional \$0.9 million in the amount of revenues set aside for future claims liability. *The Governor recommends funding as requested which does not reflect the November Revenue Estimating Conference estimate; the transfer adopted at the Conference was \$8.4 million, \$0.9 million less than recommended.*

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 request is \$34,000 less than enacted for facilities management services and \$2,221 less than enacted for information technology services. The Office intended to request funding consistent with the enacted budget. The Budget Office has indicated that assessments will be revised later this fall based on the budget requests from the Division of Capital Asset Management and Maintenance and the Division of Information Technology.

The FY 2021 request is \$0.2 million or 88.8 percent more than spent in FY 2019 and \$0.2 million or 45.5 percent more than spent in FY 2018. *The Governor recommends \$0.1 million less than enacted from all sources, including \$63,157 less from general revenues based on Budget Office estimates.*

Staff Upgrades. The Treasury's staff are unclassified positions which are specifically established in state law and generally include employees of elected officials. The Office is currently in the process of reviewing all job specifications as part of its strategic plan as Treasury staff indicate that job specifications have not been reviewed in 15 years. As of the beginning of FY 2020, six positions have been upgraded and the value of the upgrades with associated benefits is \$0.1 million of which approximately \$30,000 would be from general revenues. There is no funding in the FY 2021 budget request for any staff upgrades. *The Governor's budget is consistent with the request and does not include any funding for staff upgrades.*

Other Salaries and Benefits. The Office requests \$4.1 million for all other salaries and benefits for the Office's other 42.0 full-time equivalent positions. This is \$0.3 million more than enacted and includes \$0.1

million more from general revenues. The request reflects current service adjustments, step increases, restoration of \$0.1 million of turnover savings in the enacted budget, as well as revisions to cost allocations between programs. The FY 2021 request shifts \$0.1 million in cost allocations previously charged to the Crime Victim Compensation program to other programs. Requested turnover savings are equivalent to a 0.5 vacant position. *The Governor recommends \$0.1 million less from all sources, including \$0.1 million less from general revenues, than requested. This includes \$90,120 of general revenue turnover savings and \$15,986 of statewide medical benefit savings.*

Other Operations. The Office requests \$1.6 million for all other expenses, which is \$8,150 more than enacted including \$18,250 more from general revenues and includes a total of \$0.8 million related to the Unclaimed Property program. These expenditures are \$0.2 million or 18.0 percent more than spent in FY 2019 but \$0.1 million or 7.7 percent less than spent in FY 2018. Compared to FY 2019 spending, the largest increases are for contracted financial services for the Public Finance Management Board and increased contracted support for the Unclaimed Property program's new computer system, which went live in March 2019. *The Governor recommends \$324 less than requested from general revenues.*

Rhode Island Board of Elections

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,678,429	\$ 1,573,831	\$ 2,029,743	\$ 1,929,284
Contracted Services	236,688	237,300	394,300	294,300
Subtotal	\$ 1,915,117	\$ 1,811,131	\$ 2,424,043	\$ 2,223,584
Other State Operations	825,738	704,459	1,339,545	1,241,337
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	8,000	202,057	33,000	8,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,748,855	\$ 2,717,647	\$ 3,796,588	\$ 3,472,921
Sources of Funds				
General Revenue	\$ 2,748,855	\$ 2,717,647	\$ 3,796,588	\$ 3,472,921
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 2,748,855	\$ 2,717,647	\$ 3,796,588	\$ 3,472,921
FTE Authorization	13.0	13.0	13.0	13.0

FY 2021 Request. The Board of Elections requests \$3.8 million from general revenues, or \$1.0 million more than enacted. The Board requests the enacted authorization of 13.0 full-time equivalent positions. *The Governor recommends \$3.5 million from general revenues or \$0.2 million less than requested. The recommendation includes the enacted authorization of 13.0 positions.*

Target Issues. The Budget Office provided the Board with a general revenue target of \$2.8 million. The amount includes adjustments of \$0.2 million as well as a 5.0 percent target reduction of \$0.1 million, adjusted for certain exclusions. The Board submitted a constrained request which reduced its election related spending by \$0.2 million and expenses related to its new location by \$48,000. *The Governor's recommendation is \$0.7 million above the target.*

	Budget Office	Board of Elections	Difference
FY 2021 Budget			
FY 2020 Enacted	\$ 2,748,855	\$ 2,748,855	\$ -
Current Service Adjustments	188,136	890,733	702,597
New Initiatives	-	157,000	157,000
Change to FY 2020 Enacted	\$ 188,136	\$ 1,047,733	\$ 859,597
FY 2021 Current Service/Unconstrained Request	\$ 2,936,991	\$ 3,796,588	\$ 859,597
Target Reduction/Initiatives	(97,910)	(224,411)	(126,501)
FY 2021 Constrained Target/Request	\$ 2,839,081	\$ 3,572,177	\$ 733,096
Change to FY 2020 Enacted	\$ 90,226	\$ 823,322	\$ 733,096

New Location. The Board requests \$0.7 million, or \$0.3 million more than enacted, for expenses relating to its relocation to a leased facility on Plainfield Pike in Cranston. The enacted budget includes Article 14, which authorized the Board to enter into a lease for a term not to exceed 10 years at a total cost of \$6.5 million. The enacted budget reflects eight months of occupancy at the new location. The request mostly reflects the annualized cost of rent, \$0.2 million more than enacted. It also includes costs to furnish the location and utility payments as the Board will be responsible for its utilities under the new lease. The Board's lease was finalized in November 2019; occupancy will begin in January 2020, with equipment going first and staff in February.

The Board also submitted a constrained request which removes \$48,000 for utilities at its new location, which appears to be unachievable as these costs are required to be paid by the tenant in the new lease. *The Governor recommends \$25,000 less than requested to remove funding for furnishing the new location. The recommendation assumes the Board will address its needs upon moving into the building in FY 2020.*

Seasonal Election Staff. The Board requests \$0.5 million for seasonal staff for the November 2020 election. The enacted budget includes \$0.2 million for seasonal staff as FY 2020 has a presidential primary in April 2020. The Budget Office's current service adjustment for seasonal staff adds \$0.2 million; the request is \$0.1 million higher than that. The Board notes that the additional funding will assist with the anticipated increase of mail ballots and risk limiting audits as seasonal staff will be needed to assist with hand-tallying votes. Subsequent to the budget submission, the Board indicated that its request for seasonal staff funding could be reduced to \$450,000 or \$55,058 less. *The Governor recommends \$0.1 million less than requested based on the Board's subsequent information and spending for the November 2018 election.*

Other Election Expenses. The Board requests \$0.5 million for election expenses in FY 2021 related to the November 2020 election. This is \$0.2 million more than enacted as FY 2020 includes only a presidential primary in April 2020. The current service adjustment of the Budget Office includes only delivery of voting machines and printing expenses; however, the Board has other expenses, such as furnishing polling places, and postage costs. The request includes \$20,000 more than enacted for printing expenses, \$115,000 more for delivery of voting machines, \$20,000 for increased mailings, and \$63,078 for miscellaneous polling place expenses. The requested expenditures are \$0.1 million more than spent for the November 2018 election and the Board expects significant voter turnout and mail ballots for the November 2020 election.

The Board also submitted a constrained request which reduces these expenses by \$0.2 million for a total of \$0.3 million. It is unclear how this will be achieved as \$0.4 million was spent during FY 2019. *The Governor recommends funding as requested.*

E-Poll Books. The Board requests \$140,000 or \$57,000 more than enacted from general revenues for e-poll book services to reflect the addition of funding for the primary election in September 2020; the enacted budget contains funding for only one election, the presidential primary in April 2020. The services include a contractor to conduct maintenance, testing, and troubleshooting for e-poll books. The Board notes that this funding is included in the request in the event it does not appear in the Secretary of State's budget, as the Secretary of State paid these costs during FY 2019 using Help America Vote Act federal funding at a total cost of \$54,050. *The Governor recommends funding as requested.*

Cybersecurity. The Board includes a new request of \$100,000 to procure a contract for cybersecurity penetration testing of the state's voting equipment. Subsequent to the budget submission, the Board indicated that this work would be handled internally by the state, specifically the Rhode Island National Guard and Department of Administration's Division of Information Technology, at no cost to the agency. *The Governor does not recommend funding, consistent with the subsequent information.*

Other Salaries and Benefits. The Board requests \$1.5 million or \$21,256 more than enacted from general revenues for other salaries and benefits to fully fund 13.0 full-time equivalent positions during FY 2021.

The enacted budget includes no turnover. The request includes the Budget Office statewide adjustment of \$20,207 and updated employee benefit selections. *The Governor recommends \$8,888 less than requested to reflect statewide medical benefit savings.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Board's share of centralized services, the request includes the enacted amount of \$158,808 from general revenues for information technology services and facilities management charges. It should be noted that the Budget Office's current service adjustment for the Board removes the \$70,864 for facilities management charges as the Board will be relocating to a new leased location during FY 2020 and these charges will no longer apply. It should also be noted that the Board was charged \$19,123 less than the final appropriation for information technology services in FY 2019. *The Governor recommends \$0.1 million less than requested and enacted. This reflects the removal of funding for facilities management charges as well as \$27,344 for information technology charges.*

Other Operations. The Board requests the enacted amount of \$0.2 million from general revenues for other expenses. The request is mostly based on FY 2019 spending. It should be noted that the FY 2021 request includes the enacted amount of \$150,000 for legal services; however, actual spending during FY 2019 was only \$116,982. *The Governor recommends funding as requested.*

Rhode Island Ethics Commission

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,572,002	\$ 1,568,860	\$ 1,596,344	\$ 1,592,555
Contracted Services	47,275	47,275	87,275	127,275
Subtotal	\$ 1,619,277	\$ 1,616,135	\$ 1,683,619	\$ 1,719,830
Other State Operations	218,195	219,484	240,292	248,451
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,826	7,826	8,826	8,826
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,845,298	\$ 1,843,445	\$ 1,932,737	\$ 1,977,107
Sources of Funds				
General Revenue	\$ 1,845,298	\$ 1,843,445	\$ 1,932,737	\$ 1,977,107
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,845,298	\$ 1,843,445	\$ 1,932,737	\$ 1,977,107
FTE Authorization	12.0	12.0	12.0	12.0

Summary. The Rhode Island Ethics Commission requests \$1.9 million from general revenues, which is \$0.1 million more than enacted, and the authorized level of 12.0 full-time equivalent positions. The Commission also submitted a constrained request that totals \$0.2 million less than the unconstrained request. *The Governor recommends \$2.0 million from general revenues and the enacted staffing level. This is \$131,809 more than enacted and \$44,370 more than requested.*

Target Issues. The Budget Office provided the Ethics Commission with a general revenue target of \$1.8 million including current service adjustments of \$16,570 and a 5.0 percent reduction of \$85,597, adjusted for certain exclusions.

	Budget Office	Ethics Commission	Difference
FY 2021 Budget			
FY 2020 Enacted	\$ 1,845,298	\$ 1,845,298	\$ -
Current Service Adjustments	16,570	43,439	26,869
New Initiatives	-	44,000	44,000
Change to FY 2020 Enacted	\$ 16,570	\$ 87,439	\$ 70,869
FY 2021 Current Service/Unconstrained Request	\$ 1,861,868	\$ 1,932,737	\$ 70,869
Target Reduction/Initiatives	(85,597)	(157,980)	(72,383)
FY 2021 Constrained Target/Request	\$ 1,776,271	\$ 1,774,757	\$ (1,514)
<i>Change to FY 2020 Enacted</i>	<i>\$(69,027)</i>	<i>\$(70,541)</i>	<i>\$(1,514)</i>

The constrained budget submitted by the agency is \$1,514 less than the Budget Office target, achieved by laying off a full-time equivalent position for the entire fiscal year and another for half of the year. *The Governor's budget is \$0.2 million more than the target.*

Legal Services. The Commission requests \$76,000 from general revenues for contracted legal services, \$40,000 more than enacted. The Commission has litigation matters pending in Rhode Island Superior Court, which it anticipates will increase independent legal counsel costs for FY 2020 and potentially for FY 2021.

The constrained request funds legal services at the enacted level of \$36,000. *The Governor recommends \$116,000, which is \$40,000 more than requested and reflects the additional funds the Commission requested for FY 2020.*

Salaries and Benefits. The Commission requests \$1.6 million from general revenues for salary and benefit expenses, which is \$24,342 more than enacted to fully fund the authorized level of 12.0 full-time equivalent positions. As of the pay period ending September 14, 2019, all positions are filled.

The Commission's constrained request includes personnel savings of \$0.1 million. This savings would be achieved by eliminating funding for an administrative staff person, and reducing funding for an investigator position by 50 percent; both positions are currently filled. *The Governor recommends \$3,789 less than requested for statewide medical savings.*

Centralized Services. The Commission requests the enacted amount of \$42,920 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.

It should be noted that in FY 2019, the Commission spent \$44,052, \$1,195 less than the final appropriation for centralized information technology charges. Funding included in the enacted FY 2020 budget, as well as requested by the Commission is \$1,132 less than reported FY 2019 expenditures. *The Governor recommends \$12,788 more than enacted reflecting updated rates.*

Other Operations. The Commission requests \$0.2 million from general revenues for all other operating costs, \$23,097 more than enacted. The request restores \$4,629 of statewide operating savings assumed in the enacted budget; the Commission annually underspends its final appropriation and achieved the savings in FY 2019. The enacted budget is \$10,989 more than actual FY 2019 spending, which may be sufficient for its operations based on historical expenditures. The request also includes \$5,000 more for increased parking expenses included in the lease for its 40 Fountain Street office and \$4,000 to replace hearing room chairs used by Commission members.

The constrained request excludes funding to replace hearing room chairs. *The Governor maintains statewide operating savings and recommends the remaining funding as requested.*

Office of the Governor

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 5,569,066	\$ 5,554,856	\$ 6,069,773	\$ 5,907,600
Contracted Services	500	500	500	500
Subtotal	\$ 5,569,566	\$ 5,555,356	\$ 6,070,273	\$ 5,908,100
Other State Operations	356,545	363,869	363,869	404,957
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	150,000	150,000	250,000	250,000
Capital	17,100	17,100	17,100	17,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 6,093,211	\$ 6,086,325	\$ 6,701,242	\$ 6,580,157
Sources of Funds				
General Revenue	\$ 6,093,211	\$ 6,086,325	\$ 6,701,242	\$ 6,580,157
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 6,093,211	\$ 6,086,325	\$ 6,701,242	\$ 6,580,157
FTE Authorization	45.0	45.0	45.0	45.0

Summary. The Office of the Governor requests FY 2021 expenditures of \$6.7 million from general revenues and staffing of 45.0 full-time equivalent positions. This is \$0.6 million more than enacted, including \$0.5 million more for staffing expenses and \$100,000 more for the contingency fund, as well as \$7,324 to restore statewide savings. *The Governor recommends \$6.6 million from general revenues, \$0.5 million more than enacted and \$0.1 million less than requested. She includes the enacted staffing level.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$6.2 million. The amount includes current service adjustments of \$0.5 million, and a 5.0 percent target reduction of \$0.3 million.

FY 2021 Budget	Budget Office	Office of the Governor	Difference
FY 2020 Enacted	\$ 6,093,211	\$ 6,093,211	\$ -
Current Service Adjustments	461,483	608,031	146,548
Change to FY 2020 Enacted	\$ 461,483	\$ 608,031	\$ 146,548
FY 2021 Current Service/ Unconstrained Request	\$ 6,554,694	\$ 6,701,242	\$ 146,548
Target Reduction/Initiatives	(322,941)	-	322,941
FY 2021 Constrained Target/Request	\$ 6,231,753	\$ 6,701,242	\$ 469,489
<i>Change to FY 2020 Enacted</i>	<i>\$ 138,542</i>	<i>\$ 608,031</i>	<i>\$ 469,489</i>

The current service adjustments include the restoration of \$300,000 of turnover savings and \$100,000 for the contingency fund. The Office of the Governor did not submit a constrained budget. The request is \$0.5

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

Salaries and Benefits. The Office of the Governor requests \$6.1 million from general revenues for salary and benefit expenses for its 45.0 authorized full-time equivalent positions. The request is \$0.5 million more than enacted from general revenues to reflect current service adjustments, including restoring \$0.3 million of turnover savings assumed in the enacted budget. The request would fund 37.6 full-time equivalent positions, or 7.4 fewer positions than requested. However, as of the pay period ending November 9, 2019, the Office has 39.6 filled positions. It should be noted that in FY 2019, the Office allocated \$0.5 million of its personnel expenditures to other state agencies, which did not have funding specifically budgeted for this. It also shifted \$0.5 million in FY 2018 and \$0.7 million in FY 2017 to other state agencies. Should the requested funding be insufficient for actual personnel expenditures, it is possible that those expenses could again be charged to other agencies. *The Governor recommends \$0.2 million less than requested primarily from turnover savings, equivalent to 1.1 positions. The recommendation also includes \$15,626 from statewide medical benefit savings. As of the pay period ending January 18, the Office has 38.6 filled positions.*

Contingency Fund. The Office of the Governor requests \$250,000 from general revenues for the contingency fund, \$100,000 more than enacted. From FY 2010 through FY 2018, the contingency fund received an annual appropriation of \$250,000. However, the Office historically underspends available funding and the final FY 2019 appropriation included \$200,000. The FY 2020 enacted budget includes \$150,000. While the request restores funding to prior levels, average expenditures for the last five fiscal years have totaled \$138,139.

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. It should be noted that since FY 2017, the fund has been regularly used to support Year Up interns. This includes \$74,100 in FY 2017, \$148,200 in FY 2018, and \$144,000 in FY 2019; through December, the Office has paid \$92,876 to the organization. Year Up is a one-year apprenticeship program for urban young adults ages 18 to 24 to learn marketable job skills through apprenticeships and coursework. *The Governor recommends funding as requested. She also includes \$250,000 from general revenues for a grant to Year Up through the Department of Labor and Training.*

Centralized Services. Consistent with the enacted budget, the Office requests \$0.1 million from general revenues for its share of centralized information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$41,088 more than requested based on updated rates.*

Other Operations. The Office requests FY 2021 expenditures of \$0.3 million from general revenues for all other operations. This is \$7,324 more than the enacted budget and consistent with its revised request, which restores some statewide savings. Consistent with the Governor's FY 2020 recommendation, the enacted budget assumes statewide savings from reducing contracts for certain commodities and a prompt payment initiative; the FY 2021 request restores nearly all of those funds. *The Governor recommends funding as requested.*

Rhode Island Commission for Human Rights

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,583,586	\$ 1,586,862	\$ 1,644,600	\$ 1,636,089
Contracted Services	9,850	8,800	8,800	8,800
Subtotal	\$ 1,593,436	\$ 1,595,662	\$ 1,653,400	\$ 1,644,889
Other State Operations	323,569	312,086	312,086	312,560
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,917,005	\$ 1,907,748	\$ 1,965,486	\$ 1,957,449
Sources of Funds				
General Revenue	\$ 1,353,591	\$ 1,350,221	\$ 1,544,165	\$ 1,452,747
Federal Aid	563,414	557,527	421,321	504,702
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,917,005	\$ 1,907,748	\$ 1,965,486	\$ 1,957,449
FTE Authorization	14.5	14.5	14.5	14.5

Summary. The Commission for Human Rights requests expenditures of \$2.0 million for FY 2021, which is \$48,481 more than the FY 2020 enacted budget, including \$0.2 million more from general revenues. The request includes 14.5 full-time equivalent positions, consistent with the enacted authorization.

The Commission also submitted a constrained request that is \$0.3 million less than the unconstrained request to be achieved through the elimination of 3.0 full-time equivalent positions. *The Governor recommends \$2.0 million from all sources, including \$1.5 million from general revenues, which is \$40,444 more than enacted including \$99,156 more from general revenues. The recommendation is \$8,037 less than requested, including \$91,418 less from general revenues.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.3 million. The amount includes current service adjustments of \$15,568 and a 5.0 percent target reduction of \$56,942 adjusted for certain exclusions.

The Commission's constrained budget is \$41,726 below the target. *The Governor's recommendation is \$0.2 million more than the target.*

FY 2021 Budget	Budget Office	Commission for Human Rights	Difference
FY 2020 Enacted	\$ 1,353,591	\$ 1,353,591	\$ -
Current Service Adjustments	15,568	145,374	129,806
New Initiatives	-	45,200	45,200
Change to FY 2020 Enacted	\$ 15,568	\$ 190,574	\$ 175,006
FY 2021 Current Service/Unconstrained Request	\$ 1,369,159	\$ 1,544,165	\$ 175,006
Target Reduction/Initiatives	(56,942)	(273,674)	(216,732)
FY 2021 Constrained Target/Request	\$ 1,312,217	\$ 1,270,491	\$ (41,726)
<i>Change to FY 2020 Enacted</i>	\$ (41,374)	\$ (83,100)	\$ (41,726)

Federal Receipts. The enacted budget assumes available federal receipts to be spent in FY 2020 will be \$563,414. The Commission's request includes expenses totaling \$421,321, which is \$142,093 less than enacted. The revised request includes expenses totaling \$568,321, which is \$4,907 more than the enacted budget. Accounting for the revised request, the projected surplus at the end of FY 2021 would be \$2,288. It should be noted, the Commission's FY 2020 revised request exhausts most of its carry forward funding to supplement the expected reduction in Housing and Urban Development grant funds.

The Commission spent \$445,003 in FY 2019. The FY 2020 enacted budget assumes that available federal receipts in FY 2020 would be \$563,414. The Commission's revised budget includes expenses totaling \$568,321 which is \$4,907 more than enacted. The Commission expects fewer federal receipts from the Department of Housing and Urban Development, approximately \$40,000 less.

The Commission has had a carry forward balance for the last four fiscal years. The Housing and Urban Development funds have specific restrictions on what may be spent with those funds, where expenditures must directly concern the advancement of these cases. However, the Equal Employment Opportunity grant does not have these restrictions, which makes expenditures from these funds more flexible. The Commission's revised request reflects exhausting almost all of its carry forward funding from the Equal Employment Opportunity funds to supplement a reduction in available funding from the Housing and Urban Development funds. The Commission's FY 2021 request reflects shifting nearly all of its rent costs to general revenues to make up for the reduction in federal receipts. *The Governor recommends \$504,702 which is \$58,381 less than enacted and \$83,381 more than requested. It should be noted the recommendation would exhaust all available federal receipts.*

Centralized Services. The Commission requests \$39,000 from general revenues for centralized information technology services, which is \$7,622 more than enacted. In FY 2019, the Commission spent \$35,555 for these services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$39,474, which is \$474 more than requested, based on Budget Office estimates.*

Senior Compliance Officer (0.5 FTE). The Commission requests \$45,200 from general revenues to fully fund a vacant part-time Senior Compliance Officer position for which the enacted budget included no funding. This position has been vacant since 2009.

This position will be responsible for conducting investigations of discrimination charges, ideally to increase future federal funding from the Department of Housing and Urban Development and the Equal Employment Opportunity Commission. As noted previously, the Commission estimates a reduction in available federal receipts in FY 2021. Increasing federal activity could increase reimbursements to help fund this position in the future. The position would also be required to conduct education and outreach activities. In FY

2019, the Commission hosted 49 outreach and education events reaching approximately 1,900 individuals. This is also the largest audience since the Commission began offering trainings in 2012. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Commission requests \$1.6 million from all sources for the salaries and benefits for the remaining 14.0 positions. The request is \$15,814 more than enacted, including \$8,637 less from general revenues, which reflects turnover savings that were inadvertently included.

The Commission's constrained request includes \$273,674 less from general revenues achieved by eliminating funding for 3.0 full-time equivalent investigator positions. The Commission reports that the proposed reduction would severely affect its ability to enforce antidiscrimination laws and estimates that federal funds would decrease by \$172,275 annually; however, this impact was not reflected in the Commission's request. *The Governor recommends \$8,511 less from all sources than requested, including \$6,887 less from general revenues to reflect statewide medical benefit savings. This means maintaining one current vacancy.*

Other Operations. The Commission requests \$0.3 million from all sources for all other expenses. This is \$20,155 less than enacted including \$146,389 more from general revenues and reflects the Commission shifting rent costs from federal funds to general revenues, offset by operating savings that mostly reflect FY 2019 expenditures. The shift is not on a dollar for dollar basis. The Commission estimates that lower than historical federal receipts may not be enough to pay for rent costs in FY 2021. *The Governor recommends the requested amount of funding from all sources, but includes \$85,005 less from general revenues. This reflects only a partial shift in rent costs from federal funds to general revenues.*

Public Utilities Commission

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 7,106,801	\$ 7,047,602	\$ 7,868,591	\$ 7,341,923
Contracted Services	2,609,421	2,609,421	2,609,421	2,609,421
Subtotal	\$ 9,716,222	\$ 9,657,023	\$ 10,478,012	\$ 9,951,344
Other State Operations	1,256,758	1,302,901	1,090,048	1,296,890
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	410,000	410,000	910,000	410,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 11,382,980	\$ 11,369,924	\$ 12,478,060	\$ 11,658,234
Sources of Funds				
General Revenue	-	-	-	-
Federal Aid	178,002	175,928	179,368	178,744
Restricted Receipts	11,204,978	11,193,996	12,298,692	11,479,490
Other	-	-	-	-
Total	\$ 11,382,980	\$ 11,369,924	\$ 12,478,060	\$ 11,658,234
FTE Authorization	52.0	52.0	59.0	54.0

Summary. The Public Utilities Commission requests FY 2021 expenditures of \$12.5 million, which is \$1.1 million more than enacted from all sources, including \$1,366 more from federal funds and \$1.1 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 59.0 full-time equivalent positions, 7.0 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 \$11.7 million from all sources, which is \$0.3 million more than enacted and includes 2.0 new positions. The recommendation is \$0.8 million less than requested.*

Staffing. The Commission requests \$7.9 million from all sources for salaries and benefits of 59.0 full-time equivalent positions, which is \$0.8 million more than enacted and 7.0 positions more than the authorized level. As of the September 28, 2019 pay period, the Commission had 4.0 vacancies, including an Administrator and a Deputy Administrator.

The Governor recommends 54.0 full-time equivalent positions, which is 2.0 more than the enacted authorization, including an engineering specialist and a Public Utilities Analyst. The recommendation includes \$7.3 million from all sources, which is \$0.2 million more than enacted and \$0.5 million less than requested.

Fiscal Year	Average Filled	Authorized	Division	Commission	Notes
2016	44.6	50.0	40.0	10.0	
2017	47.6	51.0	41.0	10.0	
2018	48.0	51.0	41.0	10.0	
2019	47.3	53.0	41.0	12.0	Chief Public Utilities Accountant, Chief of Legal Services
2020	48.0	52.0	39.0	13.0	Deputy Chief of Legal Services
2021 Request	-	59.0	43.0	16.0	Regulatory Research Specialist, Economic and Policy Analyst, Public Utilities Analyst III
2021 Gov. Rec.	-	54.0	53.0	14.0	Public Utilities Analyst III

Consumer Agent (1.0 FTE). The Commission requests \$87,401 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 2021. The enacted budget includes 4.0 consumer agents, 3.0 of which are filled as of the September 28, 2019 pay period. 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, equal to approximately 5,500 consumer cases 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 does not recommend this position.*

Programming Services Officer (1.0 FTE). The Commission requests \$112,458 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 2021 to conduct regulatory research and analysis for new clean energy resources. The Commission requested and was authorized to hire two new programming services officers in the FY 2019 enacted budget. The Commission did not hire any of these positions in FY 2019 and converted one vacancy into another legal position, contrary to legislative intent. The other vacancy was used to hire a replacement chief financial officer to train until the existing financial officer left on July 8, 2019. As of the September 28, 2019 pay period, it is vacant.

This position will conduct regulatory research and analysis for issues such as the changing distribution system, new clean energy resource standards, and power sector transformation initiatives. The Commission expects these programming services officers to work on energy policy, rate design, clean energy incentives, utility industry innovation promotion, market design, non-wire alternatives, power supply procurement and related issues. *The Governor does not recommend this position.*

Engineering Specialists II (2.0 FTE). The Commission requests \$203,624 from restricted receipts assessed to the regulated utilities and authorization for 2.0 new full-time engineering specialists to start at the beginning of FY 2021. 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. The enacted budget assumes 4.0 engineering positions, 2.0 of which are filled as of the September 28, 2019 pay period. It appears the Commission used two vacancies to fill other positions because the Commission has four vacancies, none of which are identified as engineering specialists.

Engineers are 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. Additionally, the engineers would be responsible for the enforcement of the state rules pertaining to the operation and maintenance of underground natural gas pipelines in Rhode Island.

Subsequent to its budget submission, the Commission upgraded its Engineering Specialist II positions through a public hearing held on December 19, 2019. The total cost of this upgrade is \$13,507, of which \$6,915 is for the newly requested positions. *The Governor recommends \$0.1 million and authorization for 1.0 full-time equivalent position. It does not appear to include the additional funding for the upgrade.*

The Governor proposes Article 6 of 2020-H 7171 to establish the Utility Service Restoration Act which imposes emergency response standards and annual reporting requirements for gas and electricity distributors in the event of significant and/or widespread outages, or service interruptions. This position would also support the implementation of this proposal.

Public Utilities Analyst III (1.0 FTE). The Commission requests \$101,812 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time Public Utilities Analyst III position to start at the beginning of FY 2021. 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 Commission requested the same position in its FY 2020 budget request, but was not included in the enacted budget.

Subsequent to its budget submission, the Department of Administration abolished this position title through a public hearing held on December 19, 2019. The Commission indicates that it does not know how this will impact the requested position. *The Governor recommends funding and staffing as requested.*

Regulatory Research Specialist (1.0 FTE). The Commission requests \$89,931 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time regulatory research specialist position to start at the beginning of FY 2021. 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.

Subsequent to its budget submission, the Department of Administration abolished this position title through a public hearing held on December 19, 2019. The Commission indicates that it does not know how this will impact the requested position. *The Governor does not recommend for this position.*

Economic and Policy Analyst (1.0 FTE). The Commission requests \$108,761 from restricted receipts assessed to the regulated utilities and authorization for 1.0 new full-time economic and policy analyst position to start at the beginning of FY 2021. The position would be responsible for monitoring power sector transformation initiatives that result in additional cost recovery mechanisms that affect consumer rates, the same role as the requested public utilities analyst III position. This position would also be responsible for monitoring policy modifications and additions to the electric and natural gas systems.

Policy research and monitoring relates mostly to renewable energy projects, notably the wind generation and solar arrays that are generating megawatts to the energy grid. The Commission has indicated the position would evaluate the growing policy issues that arise from the Renewable Energy Growth Program, established in 2017, that requires the development of distributed generation projects in the state. According to the Commission, this program is expected to have significant policy issues relate to who pays, compensation, determining what upgrades are necessary, and how other costs will be paid for. *The Governor does not recommend this position.*

Other Salaries and Benefits. The Commission requests \$7.2 million from all sources for all other salary and benefit expenses for the remaining 52.0 positions. This is \$57,803 more than enacted and reflects

current service adjustments consistent with Budget Office planning values. The request also includes \$155,715 for turnover savings, equivalent to 1.2 vacant positions. The enacted budget includes \$243,063 in turnover savings, which is equivalent to 1.9 vacant positions. In FY 2019, the Commission averaged 47.3 filled positions. As of the pay period ending September 28, 2019, the Commission has 4.0 vacant positions. *The Governor recommends \$7.2 million from all sources, which is \$31,498 more than enacted and \$26,305 less than requested to reflect statewide medical benefit savings.*

Rate Case Reserve Account. Consistent with the revised request and the enacted budget, the Commission requests \$2.0 million from restricted receipts for expenses incurred for hearings and investigations of rate case applications and other filings. Expenditures are for materials, external legal counsel, official stenographers, engineers, accountants, economists, and expert witnesses, which are billed back to the utility company up to \$750,000 per state proceeding and \$250,000 for federal proceedings. *The Governor recommends funding as requested.*

Transportation Network Company Regulatory Oversight. The Commission requests \$54,029 from restricted receipts for the regulation of transportation network companies, which is consistent with the revised request and enacted budget. 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 the state. Expenditures include \$9,100 to travel to conferences regarding the best way to regulate Uber and Lyft, \$9,679 for additional office supplies, and \$5,250 for all other expenditures. The request also inadvertently includes \$30,000 to purchase a vehicle. The fees collected in FY 2018 were unused and the Commission requests to use the excess funds for future expenses. *The Governor recommends funding as requested.*

Energy Facility Siting Board. Consistent with the 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 2021, and is approximately \$150,000 more than spent in FY 2019. 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 used for expert witnesses, stenographers, print advertising notices and advisory opinions. *The Governor recommends funding as requested.*

Electronic Business Portal. The Commission requests \$750,000 from restricted receipts for its electronic business portal, which is \$500,000 more than enacted. This request is the same as the Commission's requested capital plan, seeking a docket management and e-filing capabilities for licensing. The total estimated cost of this project is \$1.0 million.

The requested funding is 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 Governor recommends the enacted level of funding of \$250,000 until further planning can be conducted. This is consistent with the Governor's capital budget recommendation.*

Centralized Services. The Commission requests \$90,324 from restricted receipts for centralized information technology services which is consistent with the enacted budget. The Commission spent \$131,775 in FY 2019, or \$28,672 more than budgeted. 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 \$130,456 which is \$40,132 more than enacted and requested to reflect Budget Office estimates.*

Rent. The Commission requests \$0.2 million from restricted receipts assessed to the regulated utilities for rent of 89 Jefferson Boulevard in Warwick, which is \$166,710 less than the enacted budget. According to the Commission, this reflects the final lease payment to the state, at which point it will own the building in accordance with a lease-to-own agreement held between the Commission and the Depositors Economic Protection Corporation, a quasi-public agency, which dissolved in 2003. The Department of Administration has indicated that the building is state owned because at the time of dissolution, the state assumed control over any buildings the Corporation held. This means that the Commission would still be required to pay rent each year and would not own the property. The Commission has been paying rent to the state since 2004. *The Governor recommends \$0.3 million for the Commission to continue paying the full amount of rent, consistent with the enacted budget. This is \$0.2 million more than requested.*

Other Operations. The Commission requests \$1.3 million from all sources, which is consistent with the enacted budget, for all other operations. The request includes \$0.4 million for professional consultants, including stenographers, legal and financial consultants, and Comp Base Inc., a database administrator for the Commission's published decisions and hearings. It also includes \$0.3 million for building maintenance, \$0.3 million for travel and trainings, office supplies, utilities, and printing, \$0.1 million for computers, and \$0.1 million for legal research subscriptions and registrations, and access to regional conferences and utility associations. The Commission includes \$50,000 for new vehicles, consistent with the enacted budget but it is uncertain whether this purchase will happen based on the lack of a director. The Commission has six vehicles, three of which are for Commissioners, one for the administrator, and two for engineers performing inspections. The request is \$0.4 million more than FY 2019 expenditures. *The Governor recommends funding as requested.*

Executive Office of Health and Human Services

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 181,345,296	\$ 197,772,518	\$ 213,049,500	\$ 182,972,563
Medical Assistance	2,509,387,466	2,471,118,258	2,595,587,858	2,499,226,486
Total	\$ 2,690,732,762	\$ 2,668,890,776	\$ 2,808,637,358	\$ 2,682,199,049
Expenditures by Category				
Salaries and Benefits	\$ 31,536,751	\$ 30,720,465	\$ 33,285,142	\$ 32,819,022
Contracted Services	118,247,721	127,064,613	137,320,757	107,594,421
Subtotal	\$ 149,784,472	\$ 157,785,078	\$ 170,605,899	\$ 140,413,443
Other State Operations	9,664,199	10,808,572	9,399,412	9,504,416
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,530,752,816	2,490,633,610	2,614,459,467	2,518,108,610
Capital	531,275	1,413,516	972,580	972,580
Capital Debt Service	-	-	-	-
Operating Transfers	-	8,250,000	13,200,000	13,200,000
Total	\$ 2,690,732,762	\$ 2,668,890,776	\$ 2,808,637,358	\$ 2,682,199,049
Sources of Funds				
General Revenue	\$ 1,002,282,411	\$ 985,967,831	\$ 1,075,179,831	\$ 1,010,660,918
Federal Aid	1,664,521,164	1,623,177,530	1,694,002,591	1,631,999,073
Restricted Receipts	23,929,187	59,745,415	39,454,936	39,539,058
Other	-	-	-	-
Total	\$ 2,690,732,762	\$ 2,668,890,776	\$ 2,808,637,358	\$ 2,682,199,049
FTE Authorization	186.0	186.0	196.0	201.0

Summary. The Executive Office requests \$2,808.6 million from all sources including \$1,075.2 million from general revenues, \$1,694.0 million from federal funds and \$39.5 million from restricted receipts and a staffing level of 196.0 full-time equivalent positions in its current services request. The request is \$117.9 million more than enacted, including \$72.9 million more from general revenues, \$29.5 million more from federal funds and \$15.5 million more from restricted receipts.

The Executive Office's constrained request lowers medical assistance expenditures by \$66.7 million from all sources, including \$36.1 million from general revenues and \$26.2 million from federal funds. It also lowers administrative program expenses by \$6.2 million, including \$1.8 million from general revenues.

The Governor recommends expenditures of \$2,682.2 million from all sources, including \$1,010.7 million from general revenues. This is \$8.5 million less than enacted and \$126.4 million less than requested from all sources. It is \$8.4 million more than enacted and \$63.9 million less than requested from general revenues. The Governor includes 201.0 full-time equivalent positions, 15.0 more than enacted and 5.0 more than requested.

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 \$1,020.3 million. The amount includes current service adjustments, with certain exclusions, of \$71.7 million and a five percent target reduction of \$53.7 million.

FY 2021 Budget	Ex. Office of Health &		
	Budget Office	Human Services	Difference
FY 2020 Enacted	\$ 1,002,282,411	\$ 1,002,282,411	\$ -
Current Service Adjustments	71,675,883	72,897,420	1,221,537
Change to FY 2020 Enacted	\$ 71,675,883	\$ 72,897,420	\$ 1,221,537
FY 2021 Current Service/Unconstrained Request	\$ 1,073,958,294	\$ 1,075,179,831	\$ 1,221,537
Target Reduction/Initiatives	(53,667,818)	(36,060,638)	17,607,180
FY 2021 Constrained Target/Request	\$ 1,020,290,476	\$ 1,039,119,193	\$ 18,828,717
<i>Change to FY 2020 Enacted</i>	\$ 18,008,065	\$ 36,836,782	\$ 18,828,717

The constrained budget submitted by the agency is \$18.8 million above the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$9.6 million below 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 2020 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income										
Family Size	100%	125%	133%	138%	150%	175%	185%	200%	225%	250%
1	\$ 12,760	\$ 15,950	\$ 13,579	\$ 17,609	\$ 19,140	\$ 22,330	\$ 23,606	\$ 25,520	\$ 28,710	\$ 31,900
2	17,240	21,550	18,208	\$ 23,791	25,860	30,170	31,894	34,480	38,790	43,100
3	21,720	27,150	22,836	\$ 29,974	32,580	38,010	40,182	43,440	48,870	54,300
4	26,200	32,750	27,465	\$ 36,156	39,300	45,850	48,470	52,400	58,950	65,500
5	30,680	38,350	32,093	\$ 42,338	46,020	53,690	56,758	61,360	69,030	76,700
6	35,160	43,950	36,721	\$ 48,521	52,740	61,530	65,046	70,320	79,110	87,900
7	39,640	49,550	41,350	\$ 54,703	59,460	69,370	73,334	79,280	89,190	99,100
8	44,120	55,150	45,978	\$ 60,886	66,180	77,210	81,622	88,240	99,270	110,300

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

Medicaid Expenses - State/National Comparison. The following table compares national and state 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, 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 state information was also excluded from the December 2017 data book.

Medicaid Expenses/Cost Per Enrollee				
Population	All Enrollees		Full Benefit Enrollees	
	US	RI	US	RI
Children	\$ 2,679	\$ 4,256	\$ 2,696	\$ 4,254
Adults	4,044	7,677	4,696	7,726
Blind/Disabled	17,848	20,625	19,660	21,321
Aged	15,346	18,357	19,563	21,304
Average	\$ 6,833	\$ 10,689	\$ 7,482	\$ 10,978

Source: MACStats: Medicaid and CHIP Data Book December 2015; Medicaid Benefit Spending for FY 2013

It shows spending for all enrollees, including individuals who receive Medicare and for whom the state provides a partial Medicaid benefit, including co-payments, deductibles and Part D drug coverage. Full benefit enrollees have access to all Medicaid benefits. It also divides the enrollees into population groups. Rhode Island's spending on children and parents (adults), primarily through RIte Care, is higher than the national average. There are not many who receive only a partial benefit; therefore, there is little difference between the two comparisons. The Medicaid expenses for these populations are in the Executive Office of Health and Human Services' budget.

For disabled individuals, expenses for this population appear in the budgets of the Executive Office of Health and Human Services, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families. Costs for this population are also above the national average when comparing only full-benefits enrollees and all enrollees.

Finally, expenses for the aged population are also higher when comparing both the full benefit enrollees and all enrollees. Because of the availability of Medicare for this population, roughly 20 percent of the total population served does not receive a full benefit. Expenses supporting this population are in the budgets of the Executive Office of Health and Human Services and the Department of Human Services.

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 assistance 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 5, 2019 and based on current law set the FY 2021 medical assistance expenditures at \$2,468.2 million, including \$970.9 million from general revenues, which is \$1.9 million more than enacted from all sources including \$5.6 million less from general revenues.

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

The Governor recommends \$2,441.6 million, including \$972.9 million from general revenues; she proposes changes totaling \$26.6 million, which \$2.0 million more from general revenues.

Medical Assistance	FY 2019 Spent	FY 2020 Enacted	FY 2020 Revised	FY 2021 Nov. CEC	FY 2021 Gov. Rec.
Hospitals					
Regular Payments	\$ 51.2	\$ 52.6	\$ 53.3	\$ 54.9	\$ 50.0
DSH Payments	138.5	142.3	142.3	77.8	142.3
Total	\$ 189.7	\$ 194.9	\$ 195.6	\$ 132.7	\$ 192.3
Long Term Care					
Nursing and Hospice Care	\$ 316.6	\$ 352.5	\$ 362.0	\$ 375.0	\$ 367.5
Home and Community Care	70.2	75.6	78.4	82.5	82.7
Total	\$ 386.8	\$ 428.1	\$ 440.4	\$ 457.5	\$ 450.1
Managed Care					
Rite Care	\$ 647.3	\$ 681.1	\$ 676.9	\$ 700.8	\$ 638.2
Rite Share	2.7	2.6	2.9	3.6	35.2
Fee For Service	59.5	64.0	33.0	35.6	31.5
Total	\$ 709.5	\$ 747.7	\$ 712.8	\$ 740.0	\$ 705.0
Rhody Health Partners	\$ 241.2	\$ 249.5	\$ 253.4	\$ 267.0	\$ 262.5
Medicaid Expansion	\$ 491.1	\$ 483.1	\$ 470.6	\$ 500.0	\$ 462.0
Rhody Health Options	\$ 202.9	\$ 152.6	\$ 144.1	\$ 149.3	\$ 146.2
Pharmacy	\$ (2.3)	\$ (0.1)	\$ 0.1	\$ 0.2	\$ 0.2
Pharmacy Part D Clawback	\$ 72.0	\$ 74.2	\$ 71.7	\$ 74.5	\$ 74.5
Other Medical Services	\$ 124.9	\$ 136.3	\$ 138.0	\$ 147.0	\$ 148.6
Federal Funds	\$ 1,461.3	\$ 1,479.7	\$ 1,456.3	\$ 1,487.2	\$ 1,458.6
General Revenues	945.6	976.6	960.2	970.9	972.9
Restricted Receipts	8.9	10.1	10.1	10.1	10.1
Total	\$ 2,415.8	\$ 2,466.3	\$ 2,426.6	\$ 2,468.2	\$ 2,441.6

\$ in millions

Budget Proposals

The Executive Office's request includes fourteen proposals that impact the medical assistance program for savings of \$60.5 million, including \$34.3 million from general revenues; proposals are also included in the separate programs.

The Governor recommends \$2,441.6 million, including \$972.9 million from general revenues; she proposes \$60.9 million in savings from specific initiatives, including \$28.3 million from general revenues. She also reduces the November caseload estimate by \$30.2 million, including \$8.1 million from general revenues and assumes that the scheduled reduction for the uncompensated care payment to hospitals will be delayed and adds \$64.5 million, including \$30.3 million from general revenues. The following table shows the Executive Office's request and the Governor's recommendation.

November Caseload Conference Estimate Reduction. The November caseload conference estimate included \$1,656.3 million, including \$543.6 million from general revenues, for medical assistance benefits provided through the managed care plans for children and their parents, elderly and disabled and low income adults.

The Governor recommends \$30.2 million less than the conference estimate, including \$8.1 million less from general revenues. She assumes savings from resetting the caseload estimate by lowering enrollment projections for Rite Care, Rhody Health Partners and Options and the expansion program in the revised budget and assumes that continues into FY 2021. Supporting documentation notes that this is the result of one-time RI Bridges (UHIP) updates not reflected in the data reported to the November Caseload Estimating Conference. The Governor's recommendation uses November data to reset the enrollment estimate for managed care plans by 5,500 individuals for FY 2020.

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

Proposal	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	Total	Gen. Rev.	Total
November CEC Reduction	\$ -	\$ -	\$ (8,126,462)	\$ (30,211,301)
Hospital Rates Freeze	(7,316,554)	(20,965,444)	(7,057,348)	(20,266,291)
Nursing Home Rate Freeze	(5,206,076)	(11,339,743)	(3,437,910)	(7,488,368)
Nursing Home Vacant Beds	-	-	1,000,000	1,000,000
Outpatient Upper Payment Limit Reimbursement Elimination	(2,124,107)	(4,784,560)	(1,511,145)	(4,642,402)
Neo-Natal Intensive Care Unit Rates	(1,388,196)	(3,005,403)	(1,157,896)	(2,506,811)
Full Risk Arrangement	5,409,456	15,700,000	5,375,446	15,700,000
RIte Share Program	-	-	(5,627,570)	(19,000,000)
Adult Co-Payments	-	-	(4,677,813)	(17,801,364)
High Utilizers	-	-	(2,098,560)	(6,148,142)
Pharmacy Utilization	(544,100)	(1,670,244)	(497,726)	(1,537,605)
Perinatal Doula Service	-	-	94,802	226,750
Dual Care Management	-	-	(401,725)	(869,723)
Non-Emergency Transportation Rates	846,727	2,380,467	790,396	2,217,436
Employer Assessment	(15,600,000)	(15,600,000)	-	-
Nursing Home Rate Reduction	(1,735,359)	(3,779,914)	-	-
Home Care Rates Freeze	(1,330,198)	(2,882,257)	-	-
Home Care Rates Reduction	(443,399)	(960,752)	-	-
Adult Dental Benefit Elimination	(5,245,697)	(15,559,890)	-	-
Graduate Medical Education Payment Elimination	(1,000,000)	(1,000,000)	-	1,200,000
Long Acting Reversible Contraceptives	1,385,700	3,000,000	-	-
Total	\$ (34,291,803)	\$ (60,467,740)	\$ (27,333,511)	\$ (90,127,821)

Hospital Rates Freeze. The Executive Office proposes savings of \$21.0 million from all sources, including \$7.3 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 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 reduced by legislative action in the FY 2012 and FY 2013 budgets.

The Governor proposed a rate freeze in the FY 2020 budget but the proposal was not accepted by the Assembly. The Assembly instead restored the rate freeze and provided another 4.5 percent increase. The Assembly also eliminated the inpatient upper payment limit reimbursement and repurposed those general revenues for the rate increase leveraging Medicaid funds at a higher Medicaid match rate when taking into consideration the amount of hospital spending for the expansion population.

It should be noted that there is a potential cost shift to the outpatient 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 \$20.1 million from all sources, including \$7.0 million from general revenues across all programs.

The Governor recommends this proposal and includes Section 3 of Article 14 to freeze the rates at the FY 2020 level. The recommended budget includes savings of \$20.3 million, including \$7.1 million from general revenues. Adjusting for the \$0.4 million revenue loss from this proposal, the net state savings is \$6.6 million.

Nursing Facilities Rate Freeze. The Executive Office's budget includes savings of \$11.3 million, of which \$5.2 million is from general revenues from eliminating the October 1, 2020 rate increase for the nursing facilities. This includes savings of \$9.8 million from all sources, including \$4.5 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 \$4.0 million.

The rate freeze is also applied to expenses in the Rhody Health Options program for savings of \$1.5 million, including \$0.7 million from general revenues and with the loss of revenue totaling \$30,448.

The November estimating conference includes a rate increase that totals \$11.1 million, including \$5.1 million from general revenues in the fee-for-service and Rhody Health Options program.

The Governor recommends this proposal and includes Section 3 of Article 14 for a rate increase of one percent to be passed through to wages paid to direct care staff. The recommended budget includes savings of \$7.5 million, including \$3.4 million from general revenues from this change. Adjusting for the \$0.4 million revenue loss from this proposal, the net state savings is \$3.0 million.

Nursing Homes Repurpose Vacant Beds. The state currently licenses approximately 9,000 nursing home beds in over 80 nursing homes of which approximately 8,100 or 90 percent are filled. *The Governor recommends \$1.0 million from general revenues for an incentive program for nursing facilities to lower the number of beds available and potentially repurpose the empty beds for other state priorities. The funding would provide an incentive for the nursing homes to transition residents with lower acuity to another setting and diversify their business.*

Outpatient Upper Payment Limit Reimbursement Elimination. The Executive Office proposes savings of \$4.8 million, including \$2.1 million general revenues from eliminating the outpatient upper payment limit reimbursement. The inpatient upper payment limit reimbursement was eliminated in the FY 2020 enacted budget and the general revenues were used to increase hospital rates. *The Governor recommends Section 4 of Article 14 to eliminate the payment and includes savings of \$4.6 million, including \$1.5 million from general revenues, to reflect the payment included in the conference estimate.*

Neo-Natal Intensive Care Unit Rates. The Executive Office proposes savings of \$3.0 million, including \$1.4 million general revenues, from shifting neo-natal intensive care unit expenses into the capitated payments made by the managed care plans. The budget submission notes that the managed care plans would provide utilization management services, resulting in a ten percent reduction and separately there would be savings from increased access to long-acting reversible contraceptives.

The Executive Office assumed that managed care organizations would be charged with developing and delivering the specific services to be provided. This could include things such as enhanced outreach and

education to pregnant members to increase compliance with prenatal care instruction, attendance at office visits, and active case management and review, with the goal of improving health outcomes for the child and as such reducing the likelihood, occurrence, and duration of neo-natal intensive care stays.

The Governor recommends the proposal and includes savings of \$2.5 million, including \$1.2 million from general revenues. The budget also includes additional revenue of \$0.5 million from shifting expenses to the managed care plans and applying the 2.0 percent assessment on these services.

Full Risk Arrangement. The Executive Office adds \$15.7 million, including \$5.4 million from general revenues from eliminating the current risk share arrangements with the managed care plans. The arrangement requires the state to share in the plans' gains and losses within certain corridors. The proposal to eliminate the arrangement will result in higher capitation payments for FY 2021 capitation rates. The managed care plans will now bear all of the risk if there is an increase in expenses, under the current arrangement the risk is shared with the state.

The Executive Office has been asked if legislation is required to move towards the full risk arrangement and if the Office of the Health Insurance Commissioner has approval over this process. The information has not yet been provided. *The Governor recommends the proposal and includes Section 5 of Article 14 to change the risk arrangement and have the managed care plans assume the risk of higher expenses for their Medicaid beneficiaries.*

RIte Share Program. The Caseload Estimating Conference estimate includes RIte Share expenditures of \$3.6 million, including \$1.7 million from general revenues. This is \$1.0 million more than enacted including \$0.5 million more from general revenues. The November caseload estimate assumes approximately 6,000 individuals will be enrolled in RIte Share in FY 2021. The Executive Office's request does not reflect the caseload estimate.

The Governor's budget assumes net savings in the managed care program of \$19.0 million from all sources, including \$5.6 million from general revenues, from increasing enrollment to 25,000 from the projected total of 6,000 in the November caseload estimate. The Governor includes Section 14 of Article 20 to require employers, excluding non-profit organizations, with at least 50 employees to report annually to the Executive Office of Health and Human Services and the Division of Taxation information that would let the Executive Office determine which employees eligible for RIte Care are eligible for RIte Share. The employers must report which employees are enrolled, or not enrolled, in the employer sponsored insurance on a quarterly basis and who is no longer employed. The employer must let the Executive Office know when a new employee is offered insurance during an open enrollment period. The employer must also participate in the Executive Office's employer education and outreach campaign, and cannot offer financial incentives for an employee to turn down the offer of insurance. As the program currently operates, the RIte Share Unit's three employees do the outreach and collect the information.

[Staff Note: When applying for Medicaid, the RI Bridges system will ask an applicant if anyone in the household has access to health coverage.]

Adult Co-Payments. The 2007 Assembly passed Article 17 of 2007-H 5300, Substitute A, as amended, to institute a \$1/\$3 pharmaceutical co-payment for individuals in the fee for service Medicaid program who are not eligible for Medicare Part D. During FY 2007, the Department of Human Services, the state Medicaid agency at that time, changed its regulations to reflect the co-payment; however, a court ruling determined that a change to state law was required. An action was taken by the Governor and accepted by the Assembly to make this change. Despite having the approval, the Department did not implement the co-payments; currently, the state does not charge a co-payment for prescription drugs for individuals in the fee-for-service program. Individuals enrolled in the managed care plans, including RIte Care, Rhody Health Partners and the expansion population, also do not have any co-payments for medical services.

The Governor recommends savings of \$17.8 million, including \$4.7 million from general revenues, from instituting co-payments for non-elderly, non-disabled adults, including parents enrolled in RItE Care, for non-emergency visits to emergency rooms, non-preventive physician visits and prescription drugs. The payments made on behalf of the individual are not to exceed five percent of annual income. This is included in Section 1 of Article 14.

It should be noted that the co-payments will be charged to adults who are not otherwise eligible for Medicaid because they either have too much income or are not disabled as determined by the federal Social Security Administration. An individual who does not qualify for the Medicaid coverage through the Supplemental Security Income disability program can be determined disabled through the state's Medical Assistance Review Team process and receive Medicaid benefits.

There are other individuals who the state covers who do not have the disability determination but have high medical bills so that they become eligible for Medicaid. It is this set of Medicaid beneficiaries who would also be subject to the co-payments and includes individuals with a severe and persistent mental illness. The Governor recommended a similar proposal in her FY 2019 budget recommendation that was not accepted by the Assembly. She had requested an amendment to clarify that the proposal should not apply to individuals with a state or federal disability determination.

The total savings is net of \$1.0 million added for administrative costs related to the proposal, including two new positions and system changes that would be required. This suggests some time would be needed for implementation. However, the savings appear to be based on an effective date of July 1, 2020. There is also an offsetting revenue loss of \$0.4 million from this proposal.

High Utilizers. All Medicaid beneficiaries are required to enroll in a managed care plan unless they are also eligible for Medicare. For those enrolled in Rhody Health Partners and the expansion program or RItE Care, medical benefits may first be paid through fee-for-service reimbursements before being enrolled in the plan.

The Governor's budget includes savings of \$6.1 million, including \$2.1 million from general revenues, in the fee-for-service system from identifying high cost Medicaid beneficiaries and controlling those costs. The budget includes savings of \$4.1 million in RItE Care and \$2.0 million in the expansion program; it is unclear why there were no savings taken in the Rhody Health Partners program.

The Governor also includes \$0.5 million to hire a contractor to do the analysis to determine the high utilizers. It is unclear why the Executive Office's Medicaid analytics team with ten employees and a Director of the Office of Data Analytics would not be able to conduct this analysis. It is also unclear why this type of analysis is not already being done to address Medicaid spending.

It should be noted that the Executive Office included a similar request in its FY 2019 budget for savings of \$1.6 million, including \$0.8 million from general revenues, but the Governor did not recommend it.

Pharmacy Utilization. The Executive Office proposes savings of \$1.7 million, including \$0.5 million from general revenues, from lowering pharmacy expenses by reducing capitated payments made to the managed care plans based on the assumption that the plans would identify the most cost effective drugs within therapeutic classes and shifts a portion of assumed utilization towards those drugs.

The savings assumed in the proposal are based on a proprietary pharmacy spend model by the Executive Office's contracted actuary, Milliman, which assumes the savings would be approximately one percent of pharmacy expenses. It should be noted that this proposal assumes that the managed care plan are not already using a process that would most efficiently provide the pharmacy benefit to its beneficiaries. *The Governor recommends the proposal and includes saving of \$1.5 million, including \$0.5 million from general*

revenues.

Perinatal Doula Services. Perinatal doula services provide support to women during pregnancy, childbirth and the first few postpartum weeks. Currently, the Medicaid program does not cover these services. The services are provided in other states including Minnesota which pays \$411 for six visits and Oregon which pays \$350 for four visits and other costs related to the services. Legislation was submitted in 2019-H 5609 that would have reimbursed the services at \$1,500 and depending on the percent of births was projected to cost between \$0.6 million to \$5.7 million, including \$0.3 million and \$2.5 million from general revenues, respectively.

The Governor's budget includes \$94,802 from general revenues, matched by Medicaid for these services. This assumes an \$850 payment would be made for perinatal doula services for ten percent of the estimated 5,000 annual births covered through Medicaid, totaling \$0.4 million. This cost is offset by \$0.2 million in hospital savings for a net cost of \$0.2 million. The request to have the services matched by Medicaid is included in Section 5 of Article 14.

Dual Care Management Initiative. The FY 2020 enacted budget includes savings of \$4.2 million, including decreasing expenses in the fee-for-service long term care system from increased care management and oversight through a contract with the Rhode Island Parent Information Network (RIPIN). *The Governor assumes additional savings of \$0.9 million, including \$0.4 million from general revenues, in the medical assistance program from modifying the contract to improve community outreach and call center promotion, increasing the number of individuals receiving services through RIPIN from 500 to 2,000, enhancing analytics, and double the amount of dual eligible members receiving high intensity, preventive care management and coordination services to another 250 individuals for a total of 500 allowing for increased oversight of services needed.*

Graduate Medical Education Payment Elimination. The Executive Office proposes savings of \$1.0 million from general revenues from eliminating this payment. *The Governor does not recommend the proposal and instead adds \$1.2 million from Medicaid funds to match the state payment. The state has requested federal approval for the match for FY 2021; it has approval for the \$0.5 million match included in the revised budget.*

Non-Emergency Transportation Rates. The Executive Office adds \$2.4 million, including \$0.8 million general revenues to sustain the rate increase provided to the ambulance companies in FY 2020. The Executive Office increased the rates paid for ambulance services by 107 percent for basic life support from \$71.50 to \$147.67 and 148 percent for advanced life support from \$71.50 to \$177.20 for FY 2020. The rates were changed in July 2019 and funding was not included in the enacted budget. The November caseload estimate included it for FY 2020 but not FY 2021 and such a change would be a policy choice. *The Governor recommends \$2.2 million more, or \$0.2 million less than requested.*

Employer Assessment. The Executive Office proposes raising \$15.6 million in revenue to offset Medicaid expenses by implementing an 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 offset by \$1.0 million of expenses for implementation.

This initiative was proposed as a revenue item in the Governor's FY 2020 recommended budget but was not accepted by the Assembly. The Executive Office requests \$1.0 million in administrative expenses to administer the proposal. *The Governor does not recommend this proposal.*

Nursing Home Rate Reduction. The Executive Office's budget includes savings of \$3.8 million, of which \$1.7 million is from general revenues from further reducing nursing home rates by one percent. This

includes savings of \$3.3 million from all sources, including \$1.5 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 \$0.2 million through the 5.5 percent assessment on a facility's gross revenues for net savings of \$1.3 million.

The rate freeze is also applied to expenses in the Rhody Health Options program for savings of \$0.5 million, including \$0.2 million from general revenues and with the loss of revenue totaling \$10,149. *The Governor does not recommend this proposal.*

Home Care Rates Freeze. The Executive Office's budget includes savings of \$2.9 million, of which \$1.3 million is from general revenues from eliminating the FY 2021 rate increase for home care services.

The November estimating conference includes a rate increase that totals \$2.6 million, including \$1.2 million from general revenues in the fee-for-service and managed care programs. *The Governor does not recommend this proposal.*

Home Care Rate Reduction. The Executive Office's budget includes savings of \$1.0 million, of which \$0.4 million is from general revenues from further reducing home care rates by one percent in the fee-for-service and managed care programs. *The Governor does not recommend this proposal.*

Adult Dental Benefit Elimination. The Executive Office proposes savings of \$15.6 million from all sources, including \$5.2 million from general revenues, from eliminating the dental benefit provided to adults through the fee-for-service reimbursement system. This proposal would impact the approximately 170,000 Medicaid beneficiaries above the age of 21 who would no longer have access to dental benefits. The savings are based on Medicaid claims activity. This change would take effect October 1, 2020. *The Governor does not recommend this proposal.*

Long Acting Reversible Contraceptives. The Executive Office requests \$3.0 million, including \$1.4 million from general revenues to enable the federally qualified health centers to reduce barriers to same day contraceptive methods including long acting reversible contraceptives with the goal of decreasing unplanned pregnancies. The budget submission notes that the decrease in unplanned pregnancies would result in lower neo-natal intensive care unit birth claims and expenses.

The Executive Office was asked if there was data on connections between unplanned pregnancies and neo-natal intensive care expenses. It reported that unplanned pregnancies are related to lower prenatal care, higher maternal smoking and drug use during pregnancy and lower birth weight, among others. Preventing unplanned pregnancies would reduce these occurrences and, as a result, neo-natal intensive care stays. It also reported that the managed care plans would be charged with implementing policies, procedures, and utilization management techniques to achieve the savings. *The Governor does not recommend this proposal.*

Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$132.7 million, \$61.9 million from general revenues. It includes \$54.9 million for direct medical services and \$77.8 million for uncompensated care payments to community hospitals.

Hospitals. The November Caseload Estimating Conference estimate includes FY 2021 expenditures at \$54.9 million, including \$25.3 million from general revenues. The estimate is \$2.3 million more than enacted, including \$0.6 million from general revenues for updated program costs. The revised request is \$0.2 million more than enacted and reflects higher than anticipated inpatient and outpatient days.

The estimate includes a 3.0 percent increase for inpatient rates and 2.7 percent for outpatient rates and includes a 1.4 percent increase for both inpatient and outpatient days. The estimate also includes the \$4.6 million upper reimbursement payment made to the community hospitals and \$1.0 million for graduate medical education activities.

The Executive Office proposes savings of \$7.2 million from all sources, including \$3.8 million from general revenues, from a hospital rate freeze and elimination of the outpatient upper payment limit reimbursement and graduate medical assistance payment; each proposal is discussed separately.

The Governor recommends \$50.0 million, including \$23.1 million from general revenues. This is \$4.9 million less than the conference estimate, including \$2.2 million from general revenues. The change to hospitals largely represents savings from eliminating the outpatient upper payment limit reimbursements, freezing rates at the FY 2020 level and changes to the graduate medical education program. The following table shows the request and the Governor's recommendation.

Hospital Proposals	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Hospital Rates Freeze	\$ (671,503)	\$ (1,453,784)	\$ (653,261)	\$ (1,414,289)
Outpatient Upper Payment Limit Reimbursement	(2,124,107)	(4,784,560)	(1,511,145)	(4,642,402)
Graduate Medical Education	(1,000,000)	(1,000,000)	-	1,200,000
Total	\$ (3,795,610)	\$ (7,238,344)	\$ (2,164,406)	\$ (4,856,691)

Disproportionate Share Payments to Hospitals. The November caseload estimate includes \$77.8 million for the disproportionate share payments for uncompensated care costs to the state's community hospitals. This includes \$36.6 million from general revenues and matching federal funds.

The conference estimate reflects federal changes made under the Affordable Care Act that reduces the individual state allotment for uncompensated care payments based on the number of uninsured individuals. Congress has delayed the phase down until April 1, 2020 and the estimate assumes a lower amount matched by general revenues.

Rhode Island's calculation for the uncompensated care payments includes the costs incurred treating uninsured individuals and the Medicaid "shortfall" which represents the difference between payments made by the state for its Medicaid recipients (including managed care enrollees and fee-for-service patients) and what the hospital's costs are for that treatment. Each hospital has its own set of costs for each procedure so there may be different charges for the same procedures among hospitals; however, the state pays the same rate for the same services for Medicaid eligible individuals, regardless of which hospital provides the treatment.

The Governor recommends \$142.3 million from all sources, including \$67.0 million from general revenues, assuming another delay in the federal reduction. She also includes Article 17 to make a payment for FY 2022 up to \$142.4 million. As of February 2020, no federal action has been taken to extend the delay beyond May 22, 2020.

	FY 2019 Reported	FY 2020 Enacted	FY 2021 Nov. CEC	FY 2021 Gov. Rec.	Change to Nov CEC
Community Hospitals Payments					
State	\$ 67,251,069	\$ 67,483,497	\$ 36,604,900	\$ 66,952,637	\$ 30,347,737
Federal	71,268,127	74,817,538	41,195,100	75,348,398	34,153,298
Subtotal	\$ 138,519,196	\$ 142,301,035	\$ 77,800,000	\$ 142,301,035	\$ 64,501,035
Upper Payment Limit					
State	\$ 1,701,798	\$ 2,124,107	\$ 2,144,558	\$ -	\$ (2,144,558)
Federal	13,969,957	2,660,453	2,497,844	-	(2,497,844)
Subtotal	\$ 15,671,755	\$ 4,784,560	\$ 4,642,402	\$ -	\$ (4,642,402)
Graduate Medical Education					
State	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Federal	-	-	-	1,200,000	1,200,000
Subtotal	\$ 1,000,000	\$ 1,000,000	\$ 4,642,402	\$ 2,200,000	\$ (2,442,402)
Total	\$ 155,190,951	\$ 148,085,595	\$ 83,442,402	\$ 143,301,035	\$ 59,858,633

Upper Payment Limit Reimbursements. The enacted budget includes \$4.8 million from all sources, of which \$2.1 million is from general revenues, to make the outpatient upper payment limit reimbursements to the state's community hospitals. The November caseload estimate includes \$4.6 million based on updated information for the payment.

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 constrained request eliminates this payment. *The Governor recommends savings of \$4.6 million from eliminating the payment and includes Section 4 of Article 14.*

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 does not recommend the proposal and instead includes \$1.2 million from Medicaid funds to match the state payment based on the assumption that the state will receive federal approval FY 2021 as it did for FY 2020 but for the full amount. FY 2020 includes \$0.5 million from Medicaid funds to match the \$1.0 million state payment.*

Hospital License Fee. The Assembly included Section 3 of Article 5 of 2019-H 5151, Substitute A, as amended, to set the FY 2021 license fee at 5.0 percent based on 2018 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.15 percent fee. Collections total \$161.5 million including \$155.9 million from the community hospitals and \$5.7 million from the state payment made on behalf of Eleanor Slater Hospital. *The Governor includes Article 18 to increase the fee to 6.0 percent and includes \$193.8 million in revenues, or \$32.3 million more than current law.*

FY 2021 Hospital License Fee	Current Law	FY 2021 Gov. Rec.	Gov. Change to Current Law
Revenues			
<i>Base Year</i>	2018	2018	
<i>Tax Rate</i>	5.0%	6.0%	
Community Hospital License Fee	\$ 160,026,974	\$ 192,032,370	\$ 32,005,396
Washington County Hospitals Waiver	(4,175,921)	(5,011,106)	(835,185)
Subtotal Licensing fee	\$ 155,851,053	\$ 187,021,264	\$ 31,170,211.00
Slater License Fee	5,690,418	6,828,501	1,138,083
Total	\$ 161,541,471	\$ 193,849,765	\$ 32,308,294

Long Term Care

The Caseload Estimating Conference estimate includes long term care expenses at \$457.5 million, of which \$212.0 million is from general revenues. This includes \$375.0 million for nursing facilities and hospice care and \$82.5 million for home and community care. The estimate is \$29.4 million more than enacted, including \$9.5 million more from general revenues; it is \$17.1 million above the revised estimate for FY 2020. The increase includes updated costs for hospice care in a nursing home, an increase in the number of individuals receiving nursing home care in the fee-for-service system and scheduled annual rate increase.

Long term care fee-for-service costs total \$457.5 million and combined with the \$149.3 million in Rhody Health Options total \$606.8 million, including \$281.0 million from general revenues

The constrained budget includes savings of \$15.2 million from all sources, including \$7.0 million from general revenues. *The Governor recommends \$6.4 million less from all sources, including \$2.4 million less from general revenues from changes proposed to the long term care program which are shown in the following table.*

Long Term Care - Proposals	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Nursing Home Rate Freeze	\$ (4,507,137)	\$ (9,817,332)	\$ (2,976,355)	\$ (6,483,021)
Nursing Home Vacant Beds	-	-	1,000,000	1,000,000
Dual Care Management	-	-	(401,725)	(869,723)
Nursing Home Rate Rate Reduction	(1,502,379)	(3,272,444)	-	-
Home Care Rate Freeze	(735,804)	(1,592,994)	-	-
Home Care Rate Reduction	(245,268)	(530,998)	-	-
Total	\$ (6,990,588)	\$ (15,213,767)	\$ (2,378,080)	\$ (6,352,744)

Nursing Facilities and Hospice Care. The Caseload Estimating Conference estimate includes FY 2021 expenditures of \$375.0 million, of which \$173.9 million is from general revenues for the state's 84 nursing facilities. The estimate is \$22.5 million more than enacted, including \$7.7 million more from general revenues. The estimate includes a 3.6 percent increase in both nursing home and hospice rates and a 1.4 percent increase in the number of individuals receiving the services and acuity level.

The state continues to make advanced payments to nursing facilities and, based on testimony from the Executive Office, the November caseload estimate assumes that ten percent of the \$12.0 million in advanced payments, or \$1.2 million, will not be eligible for Medicaid reimbursement once the payments are reconciled to the services provided.

The Governor recommends \$6.4 million from all sources, including \$2.4 million less from general revenues. This includes \$6.5 million less from the nursing home rate increase limited to 1.0 percent and \$0.9 million

less for the dual care management initiative. The budget also includes \$1.0 million from general revenues to repurpose vacant beds.

Home and Community Care. The November Caseload Estimating Conference estimate includes \$82.5 million for home and community care expenses, including \$38.1 million from general revenues for FY 2021. This is \$6.9 million more than enacted, including \$2.5 million more from general revenues and \$4.1 million more than the revised estimate. The estimate includes caseload and cost inflators consistent with the Executive Office’s testimony at the caseload conference. *The Governor recommends \$0.2 million more than the conference estimate, including \$0.1 million more from general revenues for the dual care management initiative.*

Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$740.0 million of which \$323.8 million is from general revenues. The estimate includes RItE Care expenses at \$700.8 million, RItE Share at \$3.6 million and fee-for-service expenses at \$35.6 million; a discussion of each follows.

The November estimate is \$7.7 million less than enacted, including \$0.6 million less from general revenues and \$28.5 million less than the Executive Office’s request, including \$21.4 million more from general revenues. This includes a projected decrease in enrollment and increase in the monthly cost per person.

The Executive Office proposes savings of \$26.2 million from all sources, including \$20.5 million from general revenues in its constrained budget for the managed care program. Each proposal is shown separately in the following table. *The Governor recommends \$705.0 million, including \$307.6 million from general revenues; the program changes are shown in the following table.*

Managed Care - Proposals	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
November CEC Reduction	\$ -	\$ -	\$ (4,480,130)	\$ (9,697,251)
Full Risk Arrangement	3,454,745	7,479,421	3,378,400	7,314,138
RItE Share Enrollment	-	-	(4,757,570)	(10,300,000)
Hospital Rates Freeze	(4,341,916)	(9,400,122)	(4,116,470)	(8,912,037)
Neo-Natal Intensive Care Unit Rates	(1,388,196)	(3,005,403)	(1,157,896)	(2,506,811)
Adult Co-payments	-	-	(3,053,861)	(6,490,672)
Pharmacy Utilization	(270,289)	(585,168)	(168,756)	(521,332)
High Utilizers	-	-	(1,893,620)	(4,098,746)
Perinatal Doula Services	-	-	83,325	199,299
Employer Assessment	(15,600,000)	(15,600,000)	-	-
Adult Dental Benefit Elimination	(3,570,128)	(7,729,223)	-	-
Long Acting Reversible Contraceptives	1,385,700	3,000,000	-	-
Home Care Rates Freeze	(138,098)	(298,979)	-	-
Home Care Rates Reduction	(46,033)	(99,660)	-	-
Total	\$ (20,514,215)	\$ (26,239,134)	\$ (16,166,578)	\$ (35,013,412)

RItE Care. The Caseload Estimating Conference estimated RItE Care expenditures at \$700.8 million including \$305.7 million from general revenues from revisions to the caseload enrollment and demographics that influence program costs. The estimate assumes lower than anticipated enrollment and makes adjustments to the monthly capitated rates. Functionality of the eligibility system is no longer an issue with this population and program. *The Governor’s budget assumes net savings in the managed care program of \$19.0 million from all sources, including \$5.6 million from general revenues, from increasing*

enrollment by 19,000 to 25,000 individuals in the RItE Care and expansion programs. This includes \$10.3 million in RItE Care, of which \$4.8 million is from general revenues.

The Governor includes Section 14 of Article 20 to significantly change the way the RItE Share program currently operates by having employers with at least 50 workers, excluding non-profits, submit employee-specific information to the Executive Office and Division of Taxation so a determination can be made if a Medicaid eligible individual has access to employer sponsored insurance. On a quarterly basis, an employer would also report which workers are no longer employed. An employer would submit data and enrollment reports for its workers and whether or not they are enrolled in the employer sponsored insurance. The employer would also have to notify the Executive Office when a new employee is offered insurance during an open enrollment period. The employer also would have to participate in an employer education and outreach campaign, and could not offer any financial incentives for an employee to turn down the offer of insurance. As the program currently operates, the RItE Share Unit's three employees do the outreach and collect the information.

RItE Share. The Caseload Estimating Conference estimate includes RItE Share expenditures of \$3.6 million, including \$1.7 million from general revenues for approximately 6,000 individuals. This is \$1.0 million more than enacted including \$0.5 million more from general revenues. The November caseload estimate assumes approximately 6,000 individuals will be enrolled in RItE Share in FY 2021. The Executive Office's request does not reflect the caseload estimate.

The 2019 Assembly included Section 7 of Article 13 for the Executive Office to submit a plan by October 1, 2019 to increase enrollment in RItE Share by identifying Medicaid eligible individuals who have access to employer sponsored health insurance. After the plan has been submitted, the following information is to be included in the monthly medical assistance report starting January 1, 2020: the number of individuals with access to third party insurance, the number of plans that meet the cost effectiveness criteria, and the enrollment in RItE Share. As previously noted, savings were taken in the RItE Care program based on the ability to identify those with employer sponsored insurance and increase the enrollment in the premium assistance program to levels that were attained prior to the implementation of the Unified Health Infrastructure Project. The January monthly report does not contain the detailed information.

The RItE Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RItE Share eligible participants if the coverage is similar to the cost and services offered through RItE Care. *The Governor's budget assumes increased enrollment in RItE Share from program changes that identify Medicaid beneficiaries with access to employer sponsored insurance and adds \$31.6 million, including \$14.9 million from general revenues. As noted, there is offsetting savings shown in RItE Care.*

Fee-Based Managed Care. The Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$35.6 million from all sources, of which \$16.4 million is from general revenues. Information from revised 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 \$4.1 million less than the conference estimate, including \$1.9 million less from general revenues from addressing expenses incurred by high utilizers.*

Rhody Health Partners

Rhody Health Partners. The Caseload Estimating Conference estimate includes expenditures of \$267.0 million from all sources, including \$124.1 million from general revenues for the Rhody Health Partners managed care program for adults with disabilities in FY 2021. The estimate is \$17.5 million more than enacted, including \$5.2 million more from general revenues for a 3.5 percent increase in the monthly cost per enrollee offset by a reduction in the number of enrollees.

The Executive Office's request is \$0.6 million less than its unconstrained budget, of which \$0.3 million is from general revenues and includes several savings proposals shown separately in the following table. *The Governor recommends \$4.5 million more than the conference estimate, including \$2.0 million less from general revenues.*

Rhody Health Partners - Proposals	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
November CEC Reduction	\$ -	\$ -	\$ (1,218,383)	\$ (2,637,192)
Full Risk Arrangement	1,445,627	3,129,740	1,478,565	3,201,050
Hospital Rates Freeze	(1,488,833)	(3,223,280)	(1,503,272)	(3,254,540)
Adult Co-Payments	-	-	(625,915)	(1,330,318)
Pharmacy Utilization	(210,980)	(456,764)	(138,905)	(429,113)
Home Care Rates Freeze	(2,379)	(5,151)	-	-
Home Care Rates Reduction	(793)	(1,717)	-	-
Total	\$ (257,358)	\$ (557,172)	\$ (2,007,910)	\$ (4,450,113)

Medicaid Expansion

The November caseload estimate increases spending by \$16.9 million for total funding of \$500.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 75,000 enrollees. The estimate also includes \$50.1 million from general revenues for the state match, \$9.0 million more than included in the enacted budget. This includes a 3.5 percent increase in the monthly capitated payment and a reduction to the number of individuals enrolled in the program.

The Executive Office's request includes proposals totaling \$6.7 million, of which \$0.7 million is from general revenues.

Medicaid Expansion - Proposal	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
November CEC Reduction	\$ -	\$ -	\$ (1,610,818)	\$ (16,108,176)
Full Risk Arrangement	509,084	5,090,839	518,481	5,184,812
Hospital Rates Freeze	(654,154)	(6,541,542)	(636,544)	(6,365,440)
Adult Co-Payments	-	-	(998,037)	(9,980,374)
RIte Share Enrollment	-	-	(870,000)	(8,700,000)
High Utilizers	-	-	(204,940)	(2,049,396)
Non-Emergency Transportation Rates	69,857	698,566	64,614	646,141
Perinatal Doula Services	-	-	11,477	27,451
Pharmacy Utilization	(62,831)	(628,312)	(190,065)	(587,160)
Adult Dental Coverage Elimination	(536,451)	(5,364,510)	-	-
Home Care Rates Freeze	(309)	(3,086)	-	-
Home Care Rates Reduction	(103)	(1,029)	-	-
Total	\$ (674,906)	\$ (6,749,074)	\$ (3,915,832)	\$ (37,932,142)

The Governor lowers the caseload estimate by \$37.9 million from all sources, including \$3.9 million from general revenues. As noted, the Governor's budget assumes net savings in the managed care program of \$19.0 million from all sources, including \$5.6 million from general revenues, from increasing enrollment by 19,000 to 25,000 individuals in the RIte Care and expansion programs. This includes \$8.7 million in the expansion program, of which \$0.9 million is from general revenues. Each proposal is shown separately in the previous table.

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 \$149.3 million from all sources, including \$69.0 million from general revenues for the Rhody Health Options program.

The estimate is \$3.3 million more than enacted, including \$3.0 million more from general revenues for the Rhody Health Options managed care program. This includes a 3.5 percent increase in the monthly cost per enrollee offset by a decline in the number of individuals enrolled in the program. As 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 request includes proposals totaling \$3.7 million, of which \$1.7 million is from general revenues. Each proposal is shown separately in the following table. *The Governor lowers the caseload conference estimate by \$3.1 million, including \$1.4 million from general revenues from the nursing home rates increase limited to one percent and freezing hospital rates.*

Rhody Health Options - Proposals	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen. Rev.	All Funds
November CEC Reduction	\$ -	\$ -	\$ (817,131)	\$ (1,768,682)
Nursing Home Rate Freeze	(698,939)	(1,522,411)	(461,555)	(1,005,347)
Hospital Rates	(160,148)	(346,716)	(147,801)	(319,985)
Nursing Home Rate Reduction	(232,980)	(507,470)	-	-
Home Care Rates Freeze	(453,608)	(982,047)	-	-
Home Care Rate Reduction	(151,202)	(327,350)	-	-
Total	\$ (1,696,877)	\$ (3,685,994)	\$ (1,426,487)	\$ (3,094,014)

Pharmacy

The Caseload Estimating Conference estimate includes pharmacy expenses of \$74.7 million; this includes direct pharmacy costs and the state’s estimated Medicare Part D clawback payment. The Executive Office’s FY 2021 request does not reflect the adopted estimate. *The Governor recommends funding consistent with the conference estimate.*

Fee-for-Service. The Caseload Estimating Conference estimate includes \$0.2 million for FY 2021 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this is \$0.4 million more than enacted.

The Executive Office’s revised request is consistent with the enacted budget and does not reflect the adopted estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state’s payment for the Medicare Part D clawback, discussed separately. *The Governor recommends funding consistent with the conference estimate.*

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$74.5 million, which is \$0.3 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 \$3 co-payment for brand names. *The Governor recommends funding consistent with the conference estimate.*

Other Medical Services

The Caseload Estimating Conference estimate includes expenditures for other medical services at \$147.0 million, which includes \$55.1 million from general revenues, \$75.8 million from federal funds and \$10.1 million from restricted receipts. The estimate is \$10.7 million more than the enacted budget, including \$3.4 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 that totals \$81.1 million from all sources, or \$7.5 million more than enacted; this payment is 56 percent of other medical services expenses. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, behavioral health care services, durable medical equipment and transportation services. Those payments increase by \$4.8 million to reflect projected spending. This includes \$4.1 million for transportation expenses and reflect a full year of the new contract for non-emergency transportation services.

The \$10.1 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. The assessment 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 request includes proposals totaling \$0.8 million, of which \$0.4 million is from general revenues. Each proposal is shown separately in the following table. *The Governor recommends \$1.6 million more than the conference estimate for the rate increase for ambulance providers.*

Other Medical Services - Proposals	EOHHS Request		Governor's Recommendation	
	Gen. Rev.	All Funds	Gen Rev.	Total
Non-Emergency Transportation Rates	776,870	1,681,901	\$ 725,782	\$ 1,571,295
Adult Dental Coverage Elimination	\$ (1,139,118)	\$ (2,466,157)	-	-
Total	\$ (362,248)	\$ (784,256)	\$ 725,782	\$ 1,571,295

Program Administration

Unified Health Infrastructure Project. Unified Health Infrastructure Project costs are requested at \$78.5 million from all sources, including \$21.0 million from general revenues and \$57.5 million from federal funds for FY 2021. The FY 2021 budget excludes \$33.2 million included in the enacted budget from Deloitte settlement funds as that one-time funding is assumed to be spent in FY 2020.

The Executive Office requests \$54.8 million from all sources, including \$10.0 million from general revenues in its FY 2021 budget request. This is \$16.4 million less than enacted including \$18.2 million more from federal funds, \$6.6 million less from Deloitte settlement funds and \$5.3 million more from general revenues. This includes funding for HealthSource RI to operate the contact center, discussed separately.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
FY 2016 through FY 2019*	\$ 41,279,437	\$ 209,915,048	\$ -	\$ 7,768,211	\$ 194,504,317
FY 2020 Enacted					
EOHHS	\$ 2,048,556	\$ 62,876,509	\$ 6,614,152	\$ -	\$ 71,539,217
DHS	(2,447,271)	12,270,554	24,714,185	-	34,537,468
HealthSource RI/Contact Center	-	-	1,914,836	2,059,952	3,974,788
Total	\$ (398,715)	\$ 75,147,063	\$ 33,243,173	\$ 2,059,952	\$ 110,051,473
FY 2020 Revised					
EOHHS	\$ 1,909,372	\$ 43,173,269	\$ 6,527,952	\$ -	\$ 51,610,593
DHS	(2,502,646)	12,104,456	24,714,185	-	34,315,995
HealthSource RI/Contact Center	-	-	1,914,836	1,992,959	3,907,795
Total	\$ (593,274)	\$ 55,277,725	\$ 33,156,973	\$ 1,992,959	\$ 89,834,383
FY 2020 Governor Revised					
EOHHS	\$ (6,574,707)	\$ 40,657,950	\$ 26,937,365	\$ 1,600,247	\$ 62,620,855
DHS	2,047,842	10,781,067	21,970,869	-	34,799,778
HealthSource RI/Contact Center	-	-	1,091,766	3,278,043	4,369,809
Total	\$ (4,526,865)	\$ 51,439,017	\$ 50,000,000	\$ 4,878,290	\$ 101,790,442
FY 2021 Request					
EOHHS	\$ 10,162,054	\$ 44,673,286	\$ -	\$ -	\$ 54,835,340
DHS	11,146,054	13,441,861	-	-	24,587,915
HealthSource RI/Contact Center	-	-	-	4,710,025	4,710,025
Total	\$ 21,308,108	\$ 58,115,147	\$ -	\$ 4,710,025	\$ 84,133,280
FY 2021 Governor Recommendation					
EOHHS	\$ 9,713,034	\$ 41,492,922	\$ -	\$ -	\$ 51,205,956
DHS	12,674,528	14,658,834	-	-	27,333,362
HealthSource RI/Contact Center	333,813	-	-	4,592,582	4,926,395
Total	\$ 22,721,375	\$ 56,151,756	\$ -	\$ 4,592,582	\$ 83,465,713

*Funding in EOHHS and DHS

The FY 2021 request includes \$50.0 million for contracted services and \$4.3 million for staffing expenses. The request for contracted services is \$15.6 million less than enacted which includes \$21.0 million for design, development and implementation support which is \$24.3 million more than enacted. This includes \$21.6 million for Deloitte, \$8.5 million for KPMG, \$4.2 million for Faulkner Consulting, \$2.8 million for a new contract with Knowledge Services, \$1.3 million for CSG Government Solutions and \$9.7 million Automated Health Solutions to operate the contact center.

The state has recently been approved for a project plan that totals \$656.0 million through the second quarter of federal fiscal year 2020. This includes \$502.0 million from federal funds and \$154.0 million from general revenues for design, development and implementation that totals \$400.5 million and \$255.5 million for maintenance and operations.

It should be noted that a state that embarked on a large technology project was able to leverage a federal match rate of 90 percent for project design and development costs until December 31, 2018. Starting January 1, 2019, the match was allocated across the standard match rates for each program with any Medicaid projects still leveraged at 90/10. As an example, the match rate for the Supplemental Nutrition Assistance Program is 50/50. This is referred to as the cost allocation methodology (CAM) in the Executive Office planning documents. The Executive Office submitted an update plan in July 2018 that proposed a change to the methodology that is specific to Rhode Island noting this change “will have a significant impact on the budget.” The FY 2020 revised request and FY 2021 budgets include the use of the state specific plan.

The constrained budget reduces project expenses by \$3.7 million, including \$0.5 million from general revenues from limiting additional testing, the use of an independent evaluator and other unidentified contracts. *The Governor reduces expenses by \$3.5 million, including \$0.4 million less from general revenues essentially consistent with the constrained request.*

HealthSource RI/Contact Center. The Executive Office requests \$9.5 million from all sources, including \$2.3 million from general revenues to support open enrollment and other activities through HealthSource RI for the contact center operated by Automated Health Systems. This is \$0.4 million more than enacted and adds \$2.8 million from general revenues to restore the one-time use of restricted receipts from Deloitte Settlement funds.

For HealthSource RI administrative activities, the request adds \$0.8 million from Medicaid funds to match operational activities, previously supported by federal grants, with the state using its existing general revenues and restricted receipts through the assessments and to Medicaid match. Funding for HealthSource RI is in the Department of Administration's budget. *The Governor recommends funding as requested.*

Technology Projects

Medicaid Management Information System Reprocurement. The Executive Office requests \$2.4 million, including \$0.3 million from general revenues, for a contractor to assist with the reprocurement of the Medicaid Management Information System. As of December 2019, the request for proposals is still being drafted and has not yet been issued so the contract has not been awarded. The revised request includes \$1.6 million, \$0.2 million from general revenues to start the project. *The Governor does not recommend this request.*

Medicaid Management Information System Technology Replacement Project. The Executive Office requests \$21.1 million from all sources, including \$2.1 million for a new Medicaid Management Information System technology project. The project is expected to be done in FY 2027 and includes adding five separate modules but the project is contingent on the recommendation of the vendor that will be hired to assist with the project. The Executive Office has indicated that until the system is fully functional the state will be running two Medicaid Management Information Systems to guarantee that claims processing and other activities will not be interrupted. *The Governor does not recommend this request.*

Medicaid Management Information System Other Expenses. The Executive Office includes \$23.8 million from all sources, including \$5.4 million from general revenues, related to all other Medicaid Management Information System expenses. This is \$0.8 million more than enacted including \$0.1 million more from general revenues. The Executive Office increases spending to be consistent with FY 2019 actual expenses and FY 2020 revised expenses. *The Governor recommends funding as requested.*

HealthFacts RI/All Payer Claims Database. The Executive Office requests \$3.7 million to support the state's All Payer Claims Database, known as HealthFacts RI. The request is \$1.3 million more than enacted, including \$39,116 less from general revenues. This is \$0.3 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 for FY 2021.

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 in addition to the \$0.4 million for staffing and other operations. 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 \$183,462 less than requested, including \$20,853 less from general revenues to include statewide medical benefit savings.*

Prescription Drug Monitoring Program. The Executive Office includes \$2.4 million for a new Prescription Drug Monitoring Program through the implementation of an advanced planning document. The first year is fully federally funded; the second year federal match is 90 percent, with a 10 percent state match. The request includes \$2.4 million from federal funds and \$3,515 which appears to overfund the

required match. The request includes \$1.8 million for contracted financial services and \$0.6 million for other administrative expenses. This includes \$0.1 million to partially fund two currently filled positions and another \$0.5 million for vacant, unidentified positions.

The Rhode Island Prescription Drug Monitoring Program is the system that collects data on all controlled substance prescriptions, stored in a centralized registry. The information is used to improve patient care, identify risky prescribing practices, and help prevent drug diversion. All practitioners that hold a Rhode Island Controlled Substance Registration must register with the program and are required to check it prior to prescribing an opioid for the first time, and at least every three months for continuous opioid prescriptions. The Department of Health also uses it to evaluate compliance with Rhode Island's Safe Opioid Prescribing Guidelines and support drug overdose prevention program efforts. *The Governor recommends \$2,170 less than requested for statewide medical benefit savings.*

Health Information Technology Projects. The request includes \$8.2 million from all sources, including \$0.6 million from general revenues, for health information technology projects. This is \$4.4 million more than enacted including \$0.3 million more from general revenues. The request includes \$2.5 million for new projects resulting from the development of a strategic Health Information Technology roadmap and includes \$0.2 million to develop that roadmap and implementation plan. The request also funds projects from the not yet developed plan and includes \$1.5 million for IMAT Solutions for system upgrades and \$0.5 million for an adult immunization registry. It also includes \$0.9 million for a vital records project also included in the revised request, \$0.3 million to the Rhode Island Quality Institute for information dashboards, \$49,500 for a cancer registry, \$0.1 million for contract program manager and \$0.7 million for other projects. The request also includes \$0.2 million for projects that are to be determined.

The request also includes the enacted level of \$1.2 million to the Rhode Island Quality Institute for other technology projects. *The Governor does not recommend funding for the roadmap plan or projects attached to it, and reduces the request by \$2.7 million.*

CurrentCare. The Executive Office's request includes \$4.4 million to make the payment for the state's share for medical assistance recipients in the CurrentCare, the state's electronic health information exchange, which 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 of \$0.4 million from general revenues. The request is \$24,702 less than enacted but \$24,724 more from general revenues. *The Governor recommends funding as requested.*

Electronic Health Records Incentive. The Executive Office includes the enacted amount of \$2.6 million from federal funds to support the electronic health records initiative in FY 2021. 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 Governor recommends funding as requested.*

Other Programs

Healthcare System Transformation Program. The Executive Office requests \$60.9 million from federal funds for the Health System Transformation program, which is \$25.4 million more than enacted. This includes \$40.0 million for the Accountable Entities initiative. The request also includes \$8.4 million for contracted services and \$1.8 million to support 12 positions.

The request also includes \$10.2 million in administrative and management costs, \$1.8 million less than enacted. This includes \$3.3 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 \$0.7 million for the Department of Behavioral Healthcare, Developmental Disabilities and Hospital for the Care Transformation Collaborative. The revised request also includes \$1.6 million for contracted evaluation, actuarial, customer satisfaction survey and other oversight services through Ballitt Health Purchasing, Milliman, HCH Enterprises, National Opinion Research Center and Faulkner Consulting. The request also includes \$0.3 million for the Commission on the Deaf and Hard of Hearing.

Substance Use Disorder Provider Capacity Grant. The Executive Office requests \$1.3 million from a new federal Substance Use Disorder Provider Capacity grant. This is a two year award totaling \$3.1 million and the revised request includes \$1.8 million. The request includes \$0.9 million for computers, \$0.7 million for contracted services and \$0.2 million for program operations.

The provider capacity building initiative, in conjunction with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, takes a comprehensive approach to increasing provider capacity and ability to provide substance abuse use services to Medicaid beneficiaries with opioid use and other substance use disorders.

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

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

HIV Treatment Services and Administration. The Executive Office requests is \$11.6 million for HIV services and administration expenses, which is \$2.2 million less than enacted. The FY 2021 request decreases the use of funding from drug rebates by \$1.0 million to \$6.2 million and through the Ryan White federal grant by \$1.2 million to \$3.8 million. The request reduces pharmacy costs by \$0.7 million to reflect projected expenses and community support by \$0.3 million reflecting available resources. The request also lowers salary and benefit expenses by \$0.8 million and only funds full-time positions at the Executive Office. This is a change from previous fiscal years when federal funds and rebates were used to fund staff at other agencies, primarily the Department of Health. *The Governor recommends \$74,775 more than requested.*

Long Term Care Services and Supports Redesign. The Executive Office requests \$2.3 million from all sources, including \$1.1 million from general revenues to contract with the Rhode Island Parent Information Network (RIPIN) 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. Funding as requested by the Executive Office is \$0.9 million more than enacted, including \$0.5 million more from general revenues but the enacted budget includes \$2.3 million to fully fund the contract; it is unclear why the Executive Office assumes funding included in the enacted budget is lower than it is.

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 and remaining at the total for the length of the contract. *The Governor recommends funding as requested which, as noted, overfunds the contract compared to the enacted level and the contract requirements.*

As noted as part of the Governor's dual management utilization initiative, the budget includes additional savings of \$0.9 million, including \$0.4 million from general revenues, from modifying the contract to improve community outreach and call center promotion, increasing the number of individuals receiving services through RIPIN from 500 to 2,000, enhancing analytics, and doubling the amount of dual eligible members receiving high intensity, preventive care management and coordination from 250 to 500.

Financial Management Services. The Executive Office requests \$5.6 million from all sources, including \$3.1 million from general revenues for contracted financial management services, primarily from Milliman and HCH Enterprises. This is \$2.0 million more than enacted, including \$0.9 million more from general revenues. The Executive Office has been asked for the specific tasks to be performed and the hours that will be billed but the detailed information has not been provided. *The Governor recommends \$0.3 million less than requested, including \$0.1 million less from general revenues.*

It should be noted that the Governor's recommendation includes \$3.0 million from general revenues in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to target four areas for investments for the community alternative for behavioral health needs initiative: work force, health information technology, reimbursement rates, and Executive Office staffing. Supporting documentation notes that three staff working for HCH Enterprises, a project coordinator, analytics, and financial analyst, for a total of \$425,000 will support this initiative. The Governor does not include additional funding in the Executive Office's budget and the Executive Office's request did not specifically identify this task.

Medicaid Waiver - Independent Evaluation. The Executive Office requests \$292,008 from all sources, including \$146,004 from general revenues, for the National Opinion Research Center to do an independent evaluation of the Medicaid waiver. It also includes \$243,340 in its revised request for this activity. The state had to submit a timeline for its submission for the evaluation and design reports and post on the state's website within 30 days of federal waiver approval which was January 19, 2019. The state submitted its draft evaluation plan in July 2019. The Centers for Medicare and Medicaid Services will also post the information on its website. As of January 2020, the plan has not been finalized or approved so the information was not posted. *The Governor recommends funding as requested.*

Independent Provider Model Training. The Executive Office requests \$200,000 from all sources, including \$100,000 from general revenues, to provide training activities as part of the requirements of the Quality Self-Directed Services program or for the Independent Provider Model. *The Governor recommends funding as requested.*

Centers for Health Care Strategies - Medicaid Academy. The Executive Office requests \$120,000 from all sources, including \$60,000 from general revenues to provide for training sessions for the agencies under its umbrella through the Medicaid academy. Rhode Island, with support from the New England States Consortium Systems Organization, is one of five states to establish a Medicaid Academy. This was done in 2018 as part of the organization'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. Funding was recommended for FY 2020 but the Assembly did not concur. The training sessions still occurred again 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 Governor does not recommend the funding.*

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

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

Court Monitor and Consent Decree Coordinator. 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 request also includes \$100,000, including \$50,000 from general revenues, for a consent decree coordinator.

It should also be noted that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' FY 2020 enacted budget includes funding for the consent decree coordinator which it excludes in its revised request. For FY 2020, those responsibilities are being performed by a full-time employee assigned to the consent decree.

The constrained request excludes funding for the consent decree coordinator. *The Governor recommends funding as requested.*

Employer Assessment Administrative Activities. The Executive Office requests \$1.0 million from general revenues for administrative expenses to support the proposal to offset Medicaid expenses by implementing an 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.

The constrained request excludes this funding. *The Governor does not recommend the proposal or administrative expenses.*

Clinical Evaluator. The Executive Office requests \$180,000, including \$90,000 from general revenues, to hire a full-time contracted clinician with experience in children's intellectual and developmental disabilities and children's behavioral health. The clinician will work with two units for Katie Beckett clinical eligibility and the Children's Clinical Services team which works with children in the fee-for-services reimbursement system for those receiving home and community based services. The Executive Office reports that the clinician will assess the current structure of the state's home-based services model, conduct clinical oversight, research best practices from other states, and develop a plan to restructure the program to best meet the needs of those receiving services. The Executive Office reports that this replaces two part time clinicians who were employed to do this type of work several years ago. *The Governor recommends funding as requested.*

Nursing Facilities Penalties. The Executive Office requests \$250,000 from restricted receipts collected from nursing home penalties to potentially partner with the Department of Labor and Training and

community organizations to provide services that would improve the quality of life for nursing home residents and address issues related to behavioral health. This is \$185,000 more than enacted. *The Governor recommends funding as requested.*

Administrative Expenses for Medicaid Initiatives. The Executive Office includes savings of \$66.7 million from all sources, including \$36.1 million from general revenues, in the medical assistance program to meet the budget target. It did not include any changes in administrative expenses to implement the proposals.

The Governor includes \$1.4 million from all sources, including \$1.0 million from general revenues for administrative expenses necessary to make the changes in the medical assistance program. This includes \$0.3 million, including \$0.1 million from general revenues, for 2.0 new positions for the adult co-payment initiative, \$0.5 million for a contractor to address the high utilizers and \$0.6 million from general revenues for system enhancements for changes to RIte Share program.

Legal Counsel Transfers (4.0 FTE). The Executive Office adds four legal positions to its staffing authorization including one for child care licensing unit that was included in the enacted budget but was filled through the Department of Human Service staffing authorization instead. The Executive Office reported that it reorganized its staff and decided not to include the position for the child care licensing unit in its new plan. It is now requesting that position and anticipates that it will be transferred in the Governor's recommended budget.

For the other three legal positions, two are assigned to the Department of Children, Youth and Families and one is assigned to the Department of Health; all three are under those respective staffing authorizations. Funding is however requested in the Executive Office's budget for these positions. The Executive Office also anticipates the transfer of these positions in the recommended budget.

It should be noted that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals repurposed an unidentified vacant position for a new legal position in anticipation of that position also being transferred to the Executive Office.

The Governor adds \$0.1 million more than requested and includes 7.0 new legal positions. She adds two more than requested transferred from the Department of Children, Youth and Families and another transferred from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

New Administrative Positions (6.0). The Executive Office requests \$0.9 million, including \$0.3 million from general revenues, for six new administrator positions that includes two positions to support the Unified Health Infrastructure Project, two analyst positions and two finance positions. The Executive Office reports that the new positions will support its core functions.

It should be noted that the FY 2020 enacted budget eliminated ten vacant positions and this request, along with the transfer of legal positions, brings the FY 2021 total back to the FY 2019 enacted level.

The constrained budget excludes the new positions. *The Governor adds authorization for the positions but does not add funding for them.*

Other Salaries and Benefits. The Executive Office requests \$23.8 million for other salaries and benefits, including \$12.1 million from general revenues, and \$11.7 million from federal funds. This is \$0.5 million more from all sources and \$0.1 million more from general revenues to either fully or partially fund 180.0 positions. This includes cost-of-living adjustments and other benefit changes. It should be noted that the recent staffing reorganization undertaken by the Executive Office resulted in new positions at higher pay grades for current staff that were not included in the revised request.

The request funds at least a portion of another 19 positions in the Departments of Health and Behavioral Healthcare, Developmental Disabilities and Hospitals totaling \$0.8 million and two senior legal counsel positions at Children, Youth and Families totaling \$0.3 million. It should be noted that legal staff for the health and human service agencies are centralized under the Executive Office of Health and Human Services; it is unclear why there are two legal positions in the Department of Children, Youth and Families. *The Governor recommends \$0.2 million more requested, including \$28,075 less from general revenues for all other staffing.*

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

Other Operations. The Executive Office requests \$0.6 million for all other operating expenses, including \$0.1 million less from general revenues, for all other administrative operations. This includes shifting \$0.1 million from general revenues to federal funds for Early Intervention services and assuming a higher Medicaid match for some administrative activities. *The Governor recommends \$0.1 million more than requested, including \$3,329 less from general revenues for all other 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.*

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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 2021 recommended budget and are summarized as follows.

Article 14. Section 1. Co-Payments. This section institutes new co-payments for non-disabled adults that includes \$3 for an inpatient hospital stay, and for prescription drugs, there will be a \$1 payment for selected drugs for the treatment of diabetes, high blood pressure and high cholesterol and \$3.65 for all prescriptions. The payments will not exceed five percent of annual income. Family planning drugs will be exempt from this and Medicaid covered service will not be withheld based on a beneficiary's inability to make the co-payment. The Governor recommends savings of \$17.8 million, including \$4.7 million from general revenues and assumes a decrease in the number of prescriptions filled from having to make a co-payment.

Article 14. Section 2. Hospital Payments. This section freezes the hospital rates at FY 2020 levels for FY 2021 and includes savings of \$20.3 million, including \$7.1 million from general revenues. Adjusting for the loss of revenue, general revenue savings are \$6.7 million.

Article 14. Section 3. Nursing Home Payments. This section limits the October 1, 2020 nursing home rate increase to one percent for savings of \$7.5 million, including \$3.4 million from general revenues. Adjusting for the loss of revenue, general revenue savings are \$3.1 million.

Article 14. Section 4. Upper Reimbursement Payment. This section eliminates the inpatient upper payment limit reimbursement for community hospitals for FY 2021 for savings of \$4.6 million, including \$1.5 million from general revenues.

Article 14. Section 5. Medicaid Resolution. This section includes the resolution language for Assembly approval to make program changes included in the Governor's FY 2021 budget. This includes the proposals to freeze hospital rates, limit the rate increase to nursing homes, changes to the RIte Share program and the new plan to institute the copayment that require statutory change. The resolution also proposes to seek Medicaid approval for a new perinatal doula services program and the Governor includes \$0.2 million in her budget for it. There is also a proposal to raise the wages of direct care services workers in the community based system for adults with developmental disabilities, effective January 1, 2021. The budget includes \$2.2 million from all sources, \$1.0 million from general revenues.

It also 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 2021 appropriation.

Article 17. Hospital Uncompensated Care. This article extends the uncompensated care payments to the community hospitals for FY 2022, with the state making a payment on or before July 13, 2021 that does not exceed \$142.3 million. The Affordable Care Act included a phase-down of federal Disproportionate Share Hospital payments made to states for uncompensated care. It has been postponed by Congress in previous fiscal years; however, under current federal law, the scheduled reduction does not allow for a payment this large. The Governor's FY 2021 recommendation assumes another delay and fully funds the payment.

Article 18. Hospital License Fee. This article increases the FY 2021 fee from the 5.0 percent rate set in statute to 6.0 percent based on 2018 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.15 percent fee. It includes the due date for filing returns and making the payment. Revenue from the two-tiered fee will be \$193.8 million, including \$187.0 million from community hospital payments and \$6.8 million from state payments.

Article 20. Section 13. RIte Share. This section requires employers, excluding non-profit organizations, with at least 50 employees to report annually to the Executive Office of Health and Human Services and the Division of Taxation information that would let the Executive Office determine which employees eligible for RIte Care are eligible for RIte Share. The employers must report which employees are enrolled, or not enrolled, in the employer sponsored insurance on a quarterly basis and who is no longer employed. The employer must let the Executive Office know when a new employee is offered insurance during an open enrollment period. The employer must also participate in the Executive Office's employer education and outreach campaign, and cannot offer financial incentives for an employee to turn down the offer of insurance. The budget assumes savings of \$19.0 million, including \$5.6 million from general revenues from increasing enrollment in RIte Share from approximately 6,000 to 25,000.

Any employer who does not comply in a timely manner will be assessed a \$2,500 penalty by the Division of Taxation and one who does not comply or provides false information will be assessed a \$5,000 penalty. The budget assumes revenue of \$165,675 from this change.

Article 20. Section 14. Health Spending Transparency and Containment Act. This section requires all entities offering, administering, insuring, or self-insuring health insurance coverage to annually pay up to \$1 per covered life, excluding lives insured by government-provided or government-employer sponsored insurance. Beginning October 1, 2020, the assessed amount for each fiscal year will be established with payments due by January beginning in 2021. It also provides for refunds or credits of overpayments. This section establishes a restricted receipt account for the Executive Office of Health and Human Services in conjunction with the Office of the Health Insurance Commissioner to support a data analysis of healthcare claims to attempt to determine factors which drive healthcare spending in order to make policy recommendations which are intended to reduce health care costs. At the maximum allowable fee, the

assessment would generate \$0.6 million annually. The budget includes \$154,000 of expenditures based on timing of expected receipts.

Department of Children, Youth and Families

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 15,118,400	\$ 16,218,656	\$ 15,579,791	\$ 16,015,193
Child Welfare	175,606,831	203,623,092	212,400,839	210,649,315
Juvenile Corrections	25,184,991	23,636,231	25,008,895	24,343,650
Children's Behavioral Health	13,748,868	12,545,552	12,579,747	12,567,069
Higher Education Incentive Grants	200,000	200,000	200,000	-
Total	\$ 229,859,090	\$ 256,223,531	\$ 265,769,272	\$ 263,575,227
Expenditures by Category				
Salaries and Benefits	\$ 71,305,011	\$ 76,806,605	\$ 79,006,461	\$ 80,571,664
Contracted Services	6,089,628	7,256,939	6,451,524	6,451,524
Subtotal	\$ 77,394,639	\$ 84,063,544	\$ 85,457,985	\$ 87,023,188
Other State Operations	12,108,872	10,060,140	10,845,032	9,908,166
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	137,495,579	160,732,785	168,216,255	164,643,873
Capital	2,860,000	1,367,062	1,250,000	2,000,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 229,859,090	\$ 256,223,531	\$ 265,769,272	\$ 263,575,227
Sources of Funds				
General Revenue	\$ 165,124,585	\$ 185,731,369	\$ 194,136,530	\$ 186,790,002
Federal Aid	59,986,948	66,785,484	68,421,777	72,705,588
Restricted Receipts	1,887,557	2,339,616	1,960,965	2,079,637
Other	2,860,000	1,367,062	1,250,000	2,000,000
Total	\$ 229,859,090	\$ 256,223,531	\$ 265,769,272	\$ 263,575,227
FTE Authorization	621.5	642.5	648.5	640.5

Summary. The Department of Children, Youth and Families requests \$265.8 million from all sources, including \$194.1 million from general revenues, \$68.4 million from federal funds, \$2.0 million from restricted receipts, and \$1.3 million from Rhode Island Capital Plan funds. This is \$35.9 million more than enacted including \$29.0 million more from general revenues, \$8.4 million more from federal funds, \$0.1 million more from restricted receipts, and \$1.6 million less from Rhode Island Capital Plan funds. The request reflects a rate increase for foster care, cost increases for placement services, and the restoration of unachieved savings from initiatives included in the enacted budget. The Department requests 648.5 full-time equivalent positions, 27.0 more than the authorized level.

The Governor recommends \$263.6 million from all sources, which is \$33.7 million more than enacted including \$21.7 million more from general revenues. The recommendation is \$2.2 million less than requested including \$7.3 million less from general revenues. The Governor recommends 640.5 full-time equivalent positions which is 19.0 more than enacted and 8.0 less than requested.

Target Issues. The Budget Office provided the Department with a general revenue target of \$183.8 million. The amount includes current service adjustments of \$18.7 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$8.8 million.

The Department's constrained request is \$14.1 million more than the target level. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$11.8 million more than the target.*

FY 2021 Budget	Budget Office	Children, Youth and Families	Difference
FY 2020 Enacted	\$ 165,124,585	\$ 165,124,585	\$ -
Current Service Adjustments	18,707,718	26,717,218	8,009,500
New Initiatives	-	2,294,727	2,294,727
<i>Change to FY 2020 Enacted</i>	<i>\$ 18,707,718</i>	<i>\$ 29,011,945</i>	<i>\$ 8,009,500</i>
FY 2021 Current Service/Unconstrained Request	\$ 183,832,303	\$ 194,136,530	\$ 8,009,500
Target Reduction/Initiatives	(8,811,767)	(5,009,332)	3,802,435
FY 2021 Constrained Target/Request	\$ 175,020,536	\$ 189,127,198	\$ 14,106,662
<i>Change to FY 2020 Enacted</i>	<i>\$ 9,895,951</i>	<i>\$ 24,002,613</i>	<i>\$ 14,106,662</i>

Staffing. The Department requests \$81.9 million which is \$10.6 million more than enacted for 648.5 full-time equivalent positions, 27.0 more than authorized. The request increases Central Management, Children's Behavioral Health and Child Welfare by 11.0, 7.0 and 27.9 positions respectively, and reduces the allocation for Juvenile Corrections by 18.9. Changes in Juvenile Corrections reflect staffing needs for an all-time low caseload at the Training School. These essentially allow for increased staffing for the rest of the Department. As of the pay period ending December 7, 2018, there were 577.0 filled positions and 44.5 vacancies.

The Governor recommends \$9.3 million more than enacted which is \$1.3 million less than requested for 640.5 positions, 19.0 more than authorized and 8.0 less than requested. The Governor does not recommend 6.0 requested new attorney positions, and transfers 4.0 positions to the Executive Office of Health and Human Services for new attorneys. The Governor also recommends 2.0 new Chief Human Services Business Officer positions. The Governor's budget funds approximately 636 positions. Through the pay period ending February 1, 2020, the Department has averaged 581.6 positions filled.

Placements

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

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

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

The request includes increased placement costs and a higher number of placements than assumed in the enacted budget. The FY 2021 request includes 28 more congregate care placements than in the enacted budget and 59 less than the revised request. Through the first half of FY 2020, the Department has averaged 427 congregate care placements which is 89 more than assumed in the FY 2021 request. The Department estimates that 23 percent of all children in its care are unnecessarily placed in higher levels of care and indicates that the availability of home-based placements has been the primary barrier to achieving a lower number of congregate care placements. It is assumed in the request that additional lower level of need housing will become available through increased foster home recruitment and these youth will transition into these facilities, but no specific timeframe or plan to achieve these savings has been provided.

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

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

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

Through the first half of FY 2020, the Department has averaged 1,569 placements which is 112 less foster care placements than assumed in the enacted budget and 55 less than assumed in the revised request. In FY 2019, the Department averaged 1,650 foster care placements which is 31 less than assumed in the enacted budget and 26 more than assumed in the revised request. It is assumed that as the Department

enhances its concentration toward recruiting lower level of need placements, youth will transition into these foster homes, but no timeframe to move these youth has been provided.

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

Congregate Care. The Department's request includes \$57.1 million from all sources, including \$25.7 million from general revenues, \$31.3 million from federal funds, and \$0.1 million from restricted receipts for congregate care which are residential based settings. This is \$20.2 million more than enacted from all sources, including \$9.3 million more from general revenues, \$10.9 million more from federal funds, and \$62,683 less from restricted receipts. This includes two new female residential facilities for female youth currently housed out-of-state. Excluding the two new female residential facilities, this is \$9.3 million less than the revised request largely reflecting the Department's plan to shift children to lower level of care placements. *The Governor recommends funding as requested.*

Female Residential Facilities. The Department includes \$6.5 million, including \$2.1 million from general revenues for two new psychiatric residential facilities for female youth currently residing in out-of-state congregate care placements. It is unclear how these facilities would be 61 percent federally funded as facilities classified as a "psychiatric residential facility" are entirely Medicaid matched at approximately 50 percent. The Department will issue a request for proposals for vendors in the second half of FY 2020 that would likely deliver services through a state owned facility.

The Department issued a request for information in FY 2018 for the purpose of evaluating whether any vendors would be able to deliver the required level of service in-state. In the request for information, two state buildings were identified for use, but later deemed non-feasible as they would require significant renovations. Similarly, there were no vendors who submitted responses that could deliver services out of their own facilities. Currently, the Department is evaluating other state owned facilities that may be utilized.

The Department's FY 2021 through FY 2025 capital request had assumed the renovation of a state owned facility would occur prior to January 2020 which has not been identified as of the end of December. It is unlikely the Department will be able to identify and renovate a state owned facility prior to the start of FY 2021.

The Governor recommends \$3.2 million from all sources, including \$1.1 million from general revenues for the facilities to open in January 2021 and includes funding for half a year. The Governor's capital budget excludes this project and the intent appears to be that the Department will work with providers who would use their own facilities; however, no provider has been identified.

Foster Care. The Department requests \$33.8 million from all sources, including \$28.9 million from general revenues, \$4.4 million from federal funds and \$0.5 million from restricted receipts for home based foster placements. This is \$0.2 million more than enacted from all sources, including \$2.0 million less from general revenues, \$4.4 million more from federal funds and \$0.5 million more from restricted receipts. This is \$1.1 million more than the revised request including \$0.2 million from general revenues. The request assumes a foster care population 1,671 which is 10 fewer than the enacted budget and approximately 48 more than the revised request.

The Department includes \$1.4 million for a foster care rate increase. The average rate for a foster child in a kinship placement would be \$3.26 more per day and \$1.75 more for a non-kinship placement. The table below shows the assumed rates upon which the budget request is based. Changing rates is permitted through its rules and regulations, but requires Assembly approval for the additional funding.

Kinship Foster Care Daily Rates					Non-Kinship Foster Care Daily Rates				
Level of Need	Age	Current Daily Rate	Proposed Rate	Difference	Level of Need	Age	Current Daily Rate	Proposed Rate	Difference
1 and 2	0-3	\$ 25.28	\$ 24.00	\$ (1.28)	1 and 2	0-3	\$ 25.28	\$ 24.00	\$ (1.28)
1 and 2	4-11	\$ 25.57	\$ 27.00	\$ 1.43	1 and 2	4-11	\$ 26.38	\$ 27.00	\$ 0.62
1 and 2	12+	\$ 26.35	\$ 28.00	\$ 1.65	1 and 2	12+	\$ 30.30	\$ 28.00	\$ (2.30)
3	0-18	\$ 26.35	\$ 45.00	\$ 18.65	3	0-18	\$ 30.38	\$ 45.00	\$ 14.62
4	0-18	\$ 27.00	\$ 55.00	\$ 28.00	4	0-18	\$ 27.00	\$ 55.00	\$ 28.00
5	0-18	\$ 27.00	\$ 65.00	\$ 38.00	5	0-18	\$ 27.00	\$ 64.00	\$ 37.00
Avg. Cost Per Child		\$ 25.72	\$ 28.98	\$ 3.26	Avg. Cost Per Child		\$ 26.96	\$ 28.72	\$ 1.75

The Department's request includes three foster care initiatives which will result in savings of \$5.9 million including \$4.4 million from general revenues. To implement these proposals, the Department requests 19.0 new positions discussed within each initiative below. *The Governor recommends funding as requested.*

Constrained Request FY 2021 Foster Care Proposals				
Proposal	New Positions	FY 2021 Position Cost	Savings Proposal	Net Impact
Enhanced Foster Care Capabilities	14.0	\$ 1,399,574	\$(6,245,629)	\$(4,846,055)
Private Agency Contract Renegotiation	1.0	126,019	(689,871)	(563,852)
Child Protective Investigators and New Screen-in Evaluation Tool	4.0	413,396	(896,841)	(483,445)
Total	19.0	\$ 1,938,989	\$(7,832,341)	\$(5,893,352)

Enhanced Foster Care Capabilities (14.0 FTE). The Department includes savings of \$4.8 million including \$3.5 million from general revenues from increasing the availability of its foster care placements and reducing the number of private agency foster care placements which tend to be for higher level of need children. Through comparisons with other states, the Department estimates that between 750 and 850 foster homes can be managed. As of December 1, it has 202 homes and private agencies manage 461 homes. The Department seeks to increase the number of homes it manages to 400 by FY 2022 which is double the number it currently manages and will require the private agencies to manage the remaining 350 to 450. The Department indicates that it will achieve this through a greater focus on recruitment and coordination with local organizations. It also will engage with former kinship foster care providers to transition into non-kinship homes. The positions for its kinship licensing staff would enhance the Department's capacity to manage the increased number of its own foster homes. The request includes \$1.4 million for these 14.0 additional positions and assumes a start date of April 2020. The Department has not provided a timeframe for the proposed foster home recruitment that would be needed to meet these savings for FY 2021. However, it was subsequently reported that the projection did not properly reflect the proposed rate change, and the savings requested were overstated.

The Governor recommends staffing as requested, and includes \$3.3 million in savings from all sources, including \$2.5 million from general revenues to properly reflect the effect of the foster care rate change.

Private Agency Contract Renegotiation (1.0 FTE). The Department includes savings of \$0.6 million, primarily from general revenues renegotiating contracts with private agencies that would ensure the Department has necessary documentation required for Medicaid reimbursement. This would also include the Department working toward more standardized rates for each level of need. The Department has not provided a timeline or specific details on how these savings would be achieved. The request includes \$126,019 and authorization for a new full-time equivalent position who would oversee all contract

management to be hired by April 1, 2020. The Department will begin negotiations in December 2019, complete 30 percent by April, and have all contracts renegotiated by the start of FY 2021. As of December 2019, there are 10 private agency foster care contracts. *The Governor recommends funding as requested. In its January 23 monthly report required under Article 2 of the enacted budget, the Department reports that negotiations have begun.*

Child Protective Investigators and New Screen-in Evaluation Tool (4.0 FTE). The Department includes savings of \$0.5 million from the implementation of a new hotline tool to reduce the number of children coming into its care by five per month in order to reduce the number of high-end placements. The Department indicates that it has a higher removal rate than the national average. This new tool is to be implemented by April 1, 2020. The Department's request includes \$0.4 million and authorization for 4.0 new child protective investigators in order to reduce the number of cases per month that are handled by caseworkers, including those who handle the hotline to report child abuse. *The Governor recommends \$1,832 less than requested for statewide medical benefit savings for the positions.*

Foster Care Home Studies. The Department requests \$0.3 million from general revenues, which is \$0.2 million more than enacted for foster care home studies. This is \$0.1 million more than the revised request reflecting a full year of the Department's plan to increase the availability of foster care homes which would require more home studies that are used to evaluate the safety and preparation of the home to receive foster children. There are four providers who perform home study services including Community Care Alliance, Family Service of Rhode Island, Deveraux Foundation and Children's Friends and Services. Contracts with these providers include a \$50 hourly rate for services not to exceed 20 hours for one potential foster family unless approved by the Department. *The Governor recommends funding as requested.*

Organizational Assessment. The Department requests \$350,000 from general revenues for an organizational assessment with Alvarez and Marsal which was hired to consult with the Department to develop methods to track information more efficiently. This is \$0.8 million less than the revised request reflecting the final payment. This consultant will review revenue and federal funding optimization, the structure of the Department, and the methods of data collection and analysis. The contract was signed for three months, September 9 through December 7, with a six month optional extension which is included in the requested FY 2020 funding. The contract was signed for three months, September 9 through December 7, with a six month optional extension which is included in requested funding. *The Governor recommends funding as requested and has opted to exercise the six month extension.*

Voluntary Extension of Care. The Department requests \$1.0 million, including \$0.9 million from general revenues for rent and services provided through the Voluntary Extension of Care program for youth age 18 to 21. Consistent with the revised request, this is \$1.1 million less than enacted including \$0.1 million more from general revenues. The average monthly housing stipend to support these individuals is approximately \$600. At the beginning of December, there were 77 individuals involved in the program. The Department has been unable to provide information about the Voluntary Extension of Care program and what is changing in the request, although the amount of support is decreasing from the enacted amount and there is a greater proportion of general revenues being used.

As part of her FY 2019 budget, the Governor recommended and the Assembly concurred with the establishment of a Voluntary Extension of Care Program for individuals who are aged 18 through 21 and are exiting foster care and adoption assistance programs. This would allow for the individual to remain in state care with the Family Court retaining oversight. The program Foster Forward previously provided services to youth aged 18 to 21 entirely with general revenues, as they were no longer under the direct care of the Department. By extending the length of Department care, the target population becomes eligible for Title IV-E funds. Unlike traditional Title IV-E claims which is tied to family income, the eligibility of funding is tied to the individual's income which significantly increases the likelihood of eligibility. *The Governor recommends funding as requested.*

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

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

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

Daycare. The Department requests \$7.9 million from all sources, including \$4.0 million from general revenues, for daycare expenses for children in foster care. This is \$1.2 million more than enacted, including \$1.0 million more from general revenues and \$0.7 million more than the revised request. The Department's request reflects the increase in the number of foster care placements compared to the revised request. The Assembly had included \$2.5 million from Temporary Assistance for Needy Families federal funds in the enacted budget made available through the Department of Human Services for FY 2020. The Department maintains this funding in its FY 2021 request, although it is unclear if this funding will be available. *The Governor recommends funding as requested.*

Adoption and Guardianship. The Department requests \$26.6 million from all sources including \$18.2 million from general revenues for adoption and guardianship expenses. This is \$3.4 million more than enacted including \$2.4 million more from general revenues and is \$1.7 million more than the revised request to reflect an increase in the expected number of placements and an increase the amount provided in adoption and guardianship support. The rate paid for these services is raised in proportion to the amount increased for the proposed foster care rate increase. The Department indicates that it is working towards moving more placements from foster homes and congregate care homes to permanent homes. *The Governor recommends funding as requested.*

Legal Staff (8.0 FTE). The Department includes \$0.6 million for 8.0 new legal staff to align caseloads with national best standards which would result in more expedient permanent placements. As of December 2019, the average caseload per attorney is 392 to 1 while best practices suggest that such a caseload should range from 50 to 141. The request includes \$0.9 million and authorization for 6.0 new attorney positions and 2.0 paralegals to decrease the caseload per attorney to get closer to national best practice standards. These are offset by savings of \$0.3 million achieved by lowering the caseload for each attorney. Attorneys

would be able to meet with judges more frequently resulting in a more expedited permanent placement. Legal staff for human service agencies are budgeted within the Executive Office of Health and Human Services as required by statute but it looks like the Department included the funding. Currently, the Executive Office of Health and Human Services has 10.0 legal and 2.0 administrative positions for the Department. The revised request assumes these positions begin on April 1, 2020.

The Governor recommends funding for the requested 2.0 paralegal positions, 6.0 positions less than requested, but maintains \$0.3 million in savings as requested from accelerated placement savings. However, the Governor transfers 4.0 positions from the Department to the Executive Office of Health and Human Services for new attorneys.

Youth and Family Support Services. The Department requests \$34.9 million from all sources, including \$31.5 million from general revenues for community based services for foster care, congregate care, and in-home populations. This is \$1.8 million more than enacted, including \$2.1 million from general revenues. This is \$0.3 million more than the revised request to reflect an increased foster care caseload. While the Department delivers these services to all youth under its care, foster families are the primary recipients of these services. These services include counseling, education programs, family support services for preparation for reunification, family centered treatment, parent aides, and the Positive Parenting Program. *The Governor recommends funding as requested.*

Increased Federal Claiming. The Department's request includes savings of \$3.2 million from federal funds and \$0.1 million from Supplemental Security Income to offset a like amount of general revenues from requiring service providers to document assets and income for youth and families for which they provide services. Income and Asset forms allow for federal claiming for individuals who would otherwise be ineligible for Title IV-E funds and Supplemental Security Income claiming. Included in this proposal is licensing the backlog of its kinship foster homes and as of December 15, the Department has cleared 60 percent of its kinship foster home licensing backlog. The Department includes additional federal claiming for its Training School probation and parole staff who will be incorporated into its cost-allocation plan. A consultant had identified these staff as eligible through proper time documentation, and it is unclear why the Department was not already claiming federal funds for these staff. The Department has made similar proposals for enhanced federal claiming in previous years that have been only partially achieved. *The Governor recommends funding as requested.*

Local Education Agency Reimbursement. The Department's request includes collections of \$4.3 million, including \$3.0 million from general revenues for education costs for children who receive education services in congregate care. This is approximately \$11,723 less than assumed in the enacted budget and revised request because the budget assumes a lower number of congregate care placements. Under Rhode Island General Law, Section 16-64-1.1(k), 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 operates an approved, on-grounds education program. Children placed in residential facilities that include the delivery of education services provided by the facility are compensated partially for education costs by the child's hometown local education agency. The local education agencies must pay the special education rate per child to each of these facilities and if additional funding is required, the Department pays the remainder of those costs. If the funding is not collected at that rate, the Department must pay the difference to the residential facility, resulting in a higher cost incurred by the Department.

Traditionally, the residential facility has billed local education authorities directly for reimbursement for the education costs. However, the facilities have reported that disputes over residency have resulted in diminished collections. When a dispute occurs, the Department determines residency in coordination with the Department of Elementary and Secondary Education. In order to enhance collections, the Department intends to pay the education costs to these facilities and will obtain reimbursement from the appropriate

local education authority. It is unclear why the Department would assume responsibility and risk for these collections. *The Governor recommends funding as requested.*

Children's Rights Settlement. The Department requests \$0.2 million which is \$0.2 million more than enacted from general revenues for a data validator that is required as part of the state's settlement with Children's Rights. In May 2018, the case was settled in the Federal Court of Appeals for the First Circuit. This is consistent with the revised request and reflects actual contract costs. The Department entered into an agreement to fulfill mutually agreed upon commitments for improvement. The settlement included commitment areas the Department must address and report on.

For each commitment, the Department is required to submit proof of compliance data to an independent data validator who will determine if the Department data is unbiased, reliable and statistically valid. Their findings and assessments are then submitted to the Office of the Child Advocate who will determine whether or not the Department has fulfilled the agreed upon criteria. Upon completion of each assessment's 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 plan will be decided between the parties once again in court. *The Governor recommends funding as requested.*

Higher Education Incentive Grant. Consistent with the enacted budget and revised request, the Department requests \$0.2 million for the Higher Education Incentive Grant. Rhode Island General Law, Section 42-72.8-4 requires an annual appropriation of \$0.2 million. The Higher Education Incentive Grant is provided to former foster care youth who choose to attend the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. In order to qualify for these grants, a youth must have been in Department foster care on or after their 16th birthday and spent at least two years in foster care. These funds are paid to the Office of the Postsecondary Commissioner during the fall. *The Governor excludes funding for this grant based on available accumulated resources from prior years. There is no law change proposed which appears to be an oversight.*

All Other Placements and Services. The Department requests \$4.4 million, including \$2.8 million from general revenues for all other placements and services. This is \$1.4 million more than enacted, including \$0.7 million from general revenues and \$0.6 million more than the revised request primarily reflecting rising medical and rent costs. 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, etc.) among other costs that are not covered by any other source of payment. *The Governor recommends funding as requested.*

Juvenile Corrections

Salaries and Benefits. The Department requests \$18.7 million from general revenues for salaries and benefits for Juvenile Corrections. This is \$1.3 million more than enacted, including \$0.6 million more for overtime. The request assumes a full year of staffing for its 145.5 positions and current service adjustments. This is 19.0 less positions than included in the enacted budget, but the request redistributes these positions to other programs. The enacted budget funds 140.5 positions at the Training School.

The Governor recommends \$0.5 million less than requested from general revenues. This includes \$0.4 million in savings from holding approximately four teaching positions vacant for all of FY 2021 and \$0.1 million from statewide medical benefit savings.

Education Services. The Department requests \$0.3 million, including \$0.2 million from general revenues for education expenses at the Rhode Island Training School. Consistent with the revised request, this is \$40,691 more than enacted. The Department's request more closely reflects FY 2019 spending of \$0.3 million. Educational services are provided to all residents of the Rhode Island Training School, both detained and adjudicated. Each teacher's class size is capped at twelve students. The services adhere to all Department of Elementary and Secondary Education regulations. Courses include academic, co-curricular and career/technical work. The Community College of Rhode Island offers on-site courses and vocational classes to post-secondary students. *The Governor recommends funding as requested.*

Institutional Support Services. The Department requests \$0.9 million which is \$0.1 million less than enacted from general revenues for institutional support services at the Rhode Island Training School based on FY 2019 spending adjusted for a lower population. This reduction includes legal costs, repairs and maintenance, food, non-prescription medicine, and clothing expenses for juveniles. The Department has averaged 47 youth at the Training School through the first half of FY 2020 which is seven less than the FY 2019 average. *The Governor recommends funding as requested.*

Juvenile Probation and Parole. The Department requests \$0.4 million, including \$12,101 more than enacted for Juvenile Probation and Parole primarily for staff to assist with the probation and parole caseload being larger than assumed in the enacted budget. These services include the supervision of adolescents that are placed on probation by the Family Court. These costs also include utilities and monthly maintenance to its internal system. *The Governor recommends funding as requested.*

Other Operations

Director Upgrade. The Department's request includes \$10,920 to upgrade its Director position pay grade which would occur in April 1, 2020. The director position has been vacant since August 2019. The Department indicates that as of the time of its request it had not identified a candidate that is being considered, but it expects to increase the number of applicants in the second half of FY 2020. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Department requests \$57.5 million, including \$39.5 million from general revenues for the remainder of the Department's staff. This includes \$6.4 million more than enacted from all sources, including \$6.8 million from general revenues. This funds approximately 501 of the Department's requested 503.0 positions and assumes 2.0 vacancies. The Department's request includes \$1.5 million more than enacted from overtime.

During FY 2019, the Department had indicated that it did not need additional frontline workers, but that retaining staff is the issue. In August 2019, the Department reversed its position and announced a hiring surge which included hiring 23 new frontline workers which are reflected in the Department's budget request. *The Governor recommends \$2,188 less than enacted, including \$52,822 more from general revenues. The Governor includes \$0.2 million for 2.0 new Chief Human Service Officer positions which is partially offset by statewide medical benefit savings.*

Temporary Staff. The Department requests \$1.6 million which is \$0.3 million more than enacted for temporary staff which are used to fill vacancies until permanent staff can be hired. The Department's request reflects current need to fill positions based on vacancies, but was unable to identify specific areas in which these funds were needed and going to be used. The Department spent \$1.2 million on these services in FY 2019. Staffing through the first half of FY 2020 is approximately the same as the FY 2019 average. *The Governor recommends funding as requested.*

Accreditation. The Department's request removes the \$0.5 million from general revenues included by the 2019 Assembly to become accredited by the Council on Accreditation. The Department indicates that it

will require a number of operation and policy changes and will need to explore whether legislative and collective bargaining changes will also be required before it can seek accreditation. However, the Department did indicate that it will submit an accreditation plan by October 1, 2020 which will detail the steps the Department has already taken to achieve accreditation and a timeline in which it will become accredited.

Article 13 of 2019-H 5151, Substitute A, as amended, includes language requiring the Department to initiate the process to become accredited by September 1, 2019 and submit an accreditation plan to the Governor, the Speaker of the House of Representatives, the President of the Senate, the Chairperson of the House Committee on Health, Education and Welfare, the Chairperson of the Senate Committee on Health and Human Services, the Chairpersons of the House and Senate Finance Committees, and the Chairpersons of the House and Senate Judiciary Committees by October 1, 2020. This requirement was initially passed by the General Assembly in 2010, as the Department had an ongoing class action lawsuit brought against it by Children's Rights for abuse and neglect of children in Department care. No funding has been requested nor provided since the FY 2013 supplemental budget. *The Governor excludes the funding as requested.*

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

Capital Projects. The Department requests \$1.3 million from Rhode Island Capital Plan funds for projects at the Rhode Island Training School. The request for FY 2021 is \$14.2 million less than the amount included for FY 2021 in the Department's capital request and excludes the projects to upgrade the Department's database and transfer maintenance of its Rhode Island Children's Information System from general revenues to Rhode Island Capital Plan funds. It also excludes funds requested to purchase new desktop computers and laptops. *The Governor recommends \$750,000 more than requested for its capital projects. The recommendation includes Article 4 which authorizes an additional \$17.0 million in borrowing for a new child welfare information system. A detailed description of these projects is included in the Capital Budget section of this publication.*

Centralized Services. The Department requests \$4.3 million which is \$1.1 million less than enacted for its centralized services including \$0.7 million from general revenues and \$0.4 million from federal funds. This is consistent with the revised request. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The revised request is \$0.7 million less than spent in FY 2019 of which \$0.1 million is because of one-time expenses. *The Governor recommends \$0.9 million less than requested from general revenues based on Budget Office estimates and reflects the exclusion of the Benton Center which is now under the control of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.*

Other Operations. The Department requests \$9.3 million which is \$40,814 more than enacted for all other expenses primarily to reflect FY 2019 spending. These costs include mobile phones costs for social workers, caseworker training and travel costs, its cost-allocation plan, parking and supplies. Other costs include miscellaneous fees, property maintenance, out-of-state travel costs for visitation of children, and legal costs. This is \$0.1 million less than the revised request reflecting a full year of savings from the use of a parking garage in place of rented parking lots. *The Governor recommends funding as requested.*

Department of Health

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 15,220,679	\$ 16,970,056	\$ 17,153,851	\$ 15,696,096
Community Health and Equity	107,161,875	107,686,782	105,339,891	106,737,511
Environmental Health	13,215,981	13,933,195	13,662,904	14,559,634
Health Lab. & Medical Examiner	12,582,439	12,947,679	13,426,803	13,370,906
Customer Services	13,579,925	13,911,416	19,361,799	15,310,986
Policy, Info. & Communications	6,516,892	5,744,485	5,135,109	5,347,758
Preparedness, Response, Infectious Disease & Emergency Services	18,360,053	20,905,242	17,036,001	15,702,040
Total	\$ 186,637,844	\$ 192,098,855	\$ 191,116,358	\$ 186,724,931
Expenditures by Category				
Salaries and Benefits	\$ 62,555,261	\$ 59,247,654	\$ 65,074,636	\$ 64,434,690
Contracted Services	11,089,838	13,049,550	9,508,451	9,976,518
Subtotal	\$ 73,645,099	\$ 72,297,204	\$ 74,583,087	\$ 74,411,208
Other State Operations	66,504,450	70,816,700	70,784,404	66,522,661
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	45,743,983	47,455,102	44,937,917	45,004,145
Capital	744,312	1,529,849	810,950	786,917
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 186,637,844	\$ 192,098,855	\$ 191,116,358	\$ 186,724,931
Sources of Funds				
General Revenue	\$ 30,968,921	\$ 30,925,000	\$ 34,839,054	\$ 32,999,978
Federal Aid	105,815,939	110,723,265	102,708,515	104,298,145
Restricted Receipts	49,452,984	50,050,590	53,168,789	49,026,808
Other	400,000	400,000	400,000	400,000
Total	\$ 186,637,844	\$ 192,098,855	\$ 191,116,358	\$ 186,724,931
FTE Authorization	499.6	499.6	540.6	540.6

Summary. The Department of Health requests FY 2021 expenditures totaling \$191.1 million from all sources, including \$34.8 million from general revenues. The request is \$4.5 million more than enacted, including increases of \$3.9 million from general revenues and \$3.7 million from restricted receipts, and \$3.1 million less from federal funds. The request includes staffing of 540.6 full-time equivalent positions, 41.0 positions more than enacted. As of October 12, 2019, the Department has 14.2 vacancies.

The Governor recommends \$186.7 million from all sources, including \$33.0 million from general revenues. This includes \$2.0 million more from general revenues than enacted to fund several new initiatives: \$1.0 million for family home visiting programs, \$0.4 million for a Shellfish Docks Program and \$0.2 million to help the Department sustain its capacity to manage and maintain data systems. The recommendation is \$4.4 million less than requested from all sources, of which \$5.1 million is from the Opioid Stewardship Fund; uses of these funds are included in other agency budgets.

Target Issues. The Budget Office provided the Department with a general revenue target of \$30.4 million. The amount includes current service adjustments of \$0.8 million and a 5.0 percent target reduction of \$1.4 million, adjusted for certain exclusions.

FY 2021 Budget	Budget Office		Health	Difference		
FY 2020 Enacted	\$	30,968,921	\$	30,968,921	\$	-
Current Service Adjustments		808,800		808,800		-
New Initiatives		-		3,061,333		3,061,333
Change to FY 2020 Enacted	\$	808,800	\$	3,870,133	\$	3,061,333
FY 2021 Current Service/Unconstrained Request	\$	31,777,721	\$	34,839,054	\$	3,061,333
Target Reduction/Initiatives		(1,383,650)		(4,369,342)		(2,985,692)
FY 2021 Constrained Target/Request	\$	30,394,071	\$	30,469,712	\$	75,641
<i>Change to FY 2020 Enacted</i>	\$	<i>(574,850)</i>	\$	<i>(499,209)</i>	\$	<i>75,641</i>

The Department's constrained request is \$0.1 million above the target level. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$2.6 million above the target.*

Salaries and Benefits. The Department requests \$65.1 million from all sources to support 540.6 full-time equivalent positions. The request is \$2.5 million and 41.0 full-time equivalent positions more than enacted. This includes \$1.7 million more from general revenues, \$1.4 million more from federal funds and \$0.2 million less from restricted receipts. The request includes a total of \$4.6 million, of which \$0.9 million is from general revenues to support 41.0 new full-time equivalent positions, with \$0.5 million allocated to the Executive Office of Health and Human Services for 4.0 positions relating to prescription drug overdose monitoring. Adjusting for funding included in the Department for the new positions, the request includes \$60.6 million for all remaining positions, which is \$2.0 million less than enacted; however, it is \$1.2 million more than the revised request to adjust for benefits consistent with FY 2021 planning values.

Staffing Changes	FY 2021 Request Chg. to Enacted	FY 2021 Governor Chg. to Enacted	Governor Chg. to Request
<i>General Revenues</i>			
Health Equity Zones	3.0	-	(3.0)
Facilities Regulation	4.0	-	(4.0)
HIV Staff	2.0	-	(2.0)
Shellfish Dockside Program	-	3.0	3.0
Subtotal	9.0	3.0	(6.0)
<i>Federal Funds</i>			
Prescription Drug Overdose Prevention	10.0	10.0	-
Emergency Preparedness	4.0	4.0	-
Drinking Water Protection	2.0	2.0	-
Other New Positions	11.0	14.0	3.0
Subtotal	27.0	30.0	3.0
<i>Restricted Receipts</i>			
Lead Poisoning Prevention	3.0	3.0	-
Indirect Cost Recovery	1.0	1.0	-
Opioid Stewardship Fund	1.0	1.0	-
Adult Use Marijuana	-	4.0	4.0
Subtotal	5.0	9.0	4.0
Transfer to EOHHS	-	(1.0)	(1.0)
Total	41.0	41.0	-

The constrained request reduces the staffing authorization by 59.0 full-time equivalent positions, which appears to eliminate some of the newly requested positions, as well as existing positions for the Division of Environmental Health, Health Laboratories and other programs.

The Governor recommends the requested level of positions; however, this includes the transfer of an attorney position to the Executive Office of Health and Human Services, as well as other changes. The recommendation includes \$64.4 million from all sources, including \$22.4 million or 34.8 percent from general revenues for salary and benefit expenses. This is \$0.6 million less from all sources than requested, including \$0.8 million less from general revenues; funding fewer new general revenue positions.

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

At the end of FY 2019, the Department reported a surplus of \$2.6 million, or \$1.3 million more than the final budget assumed; receipts were \$0.5 million more and expenditures were \$0.8 million less than budgeted. Based on revised expenditures and receipts consistent with FY 2019 collections, the Department projects a surplus of \$1.5 million at the end of FY 2020. The FY 2021 request assumes a surplus of \$0.5 million. The request assumes expenditures of \$7.6 million, essentially at the FY 2020 revised level. This assumes \$40,439 more for salaries and benefits and \$122,983 less for operating expenses, primarily for clerical services associated with performing an inventory of health care providers in the state. *The Governor concurs, with the exception of providing \$17,225 less, reflecting statewide medical savings.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, 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 \$6.0 million from all sources, including the enacted amount of \$3.8 million from general revenues; this is \$0.2 million more from restricted receipts than enacted. It includes \$0.1 million for human resources based on the Department's projection of full-time equivalent positions, and \$0.1 million more for information technology for the purchase of computers as part of the statewide conversion to the Windows 10 operating system.

The constrained request reduces federal fund expenditures by \$322; it is unclear why this adjustment was made.

The Governor recommends \$0.3 million less than requested from all sources, including \$0.3 million less from general revenues, based on Budget Office estimates. This includes increases of \$0.2 million for information technology services and \$6,925 for human resources support, offset by \$0.5 million less for facilities management. The recommendation is \$0.3 million less than FY 2020 projected expenses, even though FY 2021 internal service fund budgets for these services are higher.

Opioid Overdose Prevention (1.0 FTE). The revised request includes a total of \$6.2 million or \$4.0 million more than enacted from all sources for various opioid overdose prevention programs. This includes \$1.2 million less from federal funds to primarily reflect the end of a federal grant and \$0.1 million more from foundation grants that the Department received for an opioid overdose prevention campaign called the Truth Initiative, to deter opioid use among youth and young adults.

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

The revised request assumes receipts of \$5.0 million and expenditures of \$2.5 million from these receipts. The Department indicates that it is in the process of developing rules and regulations for the program. The request assumes expenditures of \$5.1 million, including \$0.1 million to support a new supervising accountant position to develop a cost allocation plan on the amount to charge the distributors, wholesalers, and manufacturers of opioids. It will also be responsible for reviewing revenues and developing memorandums of understanding with other state agencies for approved projects.

The constrained request removes the funding as well as the authorization for the position. The Department indicates that without the position it will not be able to effectively manage the program.

The Governor proposes legislation in Article 2 of 2020-H 7171, amending the Opioid Stewardship Act to allow the State Budget Officer to authorize and create restricted receipt accounts in any department or agency where funds will be appropriated. It also clarifies that any state agencies receiving these funds shall annually report to the Governor, Speaker of the House and the Senate President which programs money is spent on and the amount spent on each program. The recommended budget assumes use of \$4.5 million of these funds in the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Business Regulation, Corrections, Health, and Elementary and Secondary Education.

The FY 2021 recommendation for the Department of Health is \$5.1 million less than requested, reflecting use of these funds in other agency budgets; it includes \$58,326 to fund half of the supervising accountant position.

Central Management

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

Health Equity Zones (3.0 FTE). The request includes \$1.6 million from all sources, including \$1.4 million from general revenues to support the new 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 states its intent is to add more zones. It should be noted that the enacted budget assumes use of \$0.5 million from indirect cost receipts to support new zones. The Department indicates that awards range from \$150,000 to \$392,092.

The request is \$0.9 million more than enacted, including \$0.1 million for operating expenses, such as information technology services, mileage reimbursement and advertising, and \$0.6 million to add four new zones to provide public service to communities to improve social drivers of health. The request also includes \$0.3 million to support three new positions, including two senior public health promotion specialists and one public health promotion specialist to oversee the operation of the new zones.

The constrained request removes the funding as well as an additional \$52,167 for support staff in the Minority Health Program, for total savings of \$1.0 million. *The Governor does not recommend funding the new positions, and includes \$225 less from all sources from statewide medical benefit savings.*

Girls Empowerment Mentoring Support. The request includes \$424,711 or \$11,780 less than enacted from federal funds to reflect decreased awards for the Girls Empowering Mentoring Support program, which seeks to provide year-round mentoring and academic support, and leadership development to girls who attend certain middle schools in the state. *The Governor concurs and includes \$26 less from statewide medical benefit savings.*

Other Salaries and Benefits (1.0 FTE). The Department requests \$5.5 million from all sources, including \$5.2 million from restricted receipts and \$0.3 million from federal funds for all other salary and benefit expenditures in 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 \$0.3 million more than enacted, including \$31,971 less from federal funds offset by \$0.3 million more from indirect cost recovery receipts based on staffing allocations, including \$0.1 million to fund a new chief clerk to support two divisions, including Customer Services, and the implementation of the E-Procurement system.

The constrained request removes the funding as well as the staffing authorization for the new position. The Department indicates that without the position, requisition work to be entered into the system will be delayed.

The Governor concurs with the requested amount and staffing level, and includes \$18,088 less from statewide medical benefit savings.

Other Expenses. The request includes \$1.9 million from federal and restricted receipts for all other expenses. This includes \$0.1 million more than enacted from a Centers for Disease Control and Prevention block grant for expansion of public health programs and \$45,968 from restricted receipts, of which \$62,000 is for clerical services to support a position in Central Management. *The Governor concurs.*

Community Health and Equity

Immunization Programs (1.0 FTE). The Department requests \$49.1 million from all sources, or \$1.6 million less than enacted for immunization programs based on vaccine purchasing projections. This includes \$1.0 million less from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$0.6 million less from restricted receipt expenditures for child and adult immunizations.

The request includes \$2.9 million for staffing of approximately 23 positions. Salary and benefit costs are \$0.5 million less and four positions less than enacted. This includes \$0.8 million for staff time shifted to the Executive Office of Health and Human Services and \$0.3 million more for all other salaries and benefits, including \$0.2 million for benefit rates consistent with FY 2021 planning values. It also includes \$90,400 for a new community program liaison position, who will serve as a quality assurance specialist to ensure that federal requirements of the program are met.

The request includes \$44.0 million or \$1.6 million less than enacted to purchase vaccines. Other expenditures are \$0.6 million more than enacted, including \$0.4 million more for services obtained from the Rhode Island Parent Information Network, and \$0.1 million more to adjust indirect cost recovery charges. 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 constrained request removes funding as well as the authorization for the new position.

The Governor concurs with the requested amount and staffing level, and includes \$0.1 million to fund two more positions than requested, for a total three new positions.

WIC Nutrition Assistance (1.0 FTE). The request includes \$23.5 million or \$2.1 million less 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 \$1.6 million for salary and benefit costs of approximately 14 positions. This is \$0.1 million and 1.0 new full-time equivalent position more than enacted for a supervising accountant. The Department indicates that the position will be responsible for the daily financial functions of the program. The request includes benefit rates consistent with FY 2021 planning values.

The request includes \$20.1 million for direct benefit payments and vendor payments for those who issue the benefit vouchers to recipients, and \$1.8 million for information technology, claims processing and various program operating 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 constrained request removes funding as well as the staffing authorization for the new position. *The Governor concurs with the requested level of staffing and funding, with the exception of providing \$63,217 less from federal funds. This essentially funds half of the cost for the supervising accountant position.*

Maternal, Infant, and Early Childhood Home Visiting. The Department requests \$13.3 million from all sources, including \$1.4 million from general revenues and \$11.8 million from federal funds 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 is \$1.6 million more than enacted, including increases of \$0.5 million from federal funds and \$1.1 million from general revenues, of which \$378,000 is to provide families with resources and services such as preventive health and prenatal care. The Department indicates that it receives approximately 200 referrals per month to see pregnant women; the additional funds would allow it to meet some of the referral needs. According to the Department's 2018 report, it conducted a total of 6,055 visits and served 2,657 families. The request also includes \$650,000 to support family home visiting; the Department indicates that the additional funding would allow it to receive federal matching funds. These expenditures were included in the Governor's FY 2020 recommended budget; however, the Assembly did not concur and maintained federal funding for the program.

All other expenditures are \$12.3 million, or \$0.5 million more than enacted, including \$0.4 million more for salaries and benefits. The request includes the enacted amount of \$8.4 million to community-based organizations for various services, and \$0.1 million for program expenses.

The constrained request removes the general revenue funding for First Connections and family home visiting.

The Governor concurs with the request and includes \$1.2 million from federal Medicaid funds, which is contingent on the state providing the \$650,000 from general revenues. The Department subsequently indicates that the Medicaid funds might be overstated because the remaining \$378,000 is not eligible for Medicaid match. The recommendation also includes statewide medical benefit savings.

Prescription Drug Overdose Prevention (10.0 FTE). The Department requests \$4.4 million from federal funds or \$1.7 million more than enacted for prescription drug overdose prevention activities. This includes \$2.4 million for approximately 23 positions, \$1.2 million and 10.0 full-time equivalent positions more than enacted; funding for four of the positions is allocated to the Executive Office of Health and Human Services. The positions include chief implementation aides, public health epidemiologists, senior public health epidemiologists and chief health program evaluators. The Department received a new federal grant, which requires more communications efforts. The senior public health promotion specialists will facilitate coordination of communications activities across divisions; the public health epidemiologist will monitor prescribing of opioid medications and other drugs and will maintain 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 chief implementation aide positions will provide administrative support to the Governor's Task Force on Overdose Prevention and Intervention and the Department's Overdose Prevention Team.

The request includes \$2.1 million for operating expenses to raise awareness, educate, and prevent drug overdoses. This is \$0.5 million more than enacted, including \$0.2 million to adjust indirect cost recovery charges, \$1.1 million or \$0.1 million more to community-based organizations and \$0.2 million for peer-to-peer technical support and trainings.

The constrained request excludes funding as well as the authorization for the new positions.

The Governor concurs with the requested funding and staffing level. She also includes \$0.7 million from a new federal award to enhance the Prescription Drug Monitoring system.

Diabetes, Heart Disease and Stroke Prevention. The request includes \$3.6 million from federal funds, for which the enacted budget includes \$2.2 million to promote programs that prevent deaths and disabilities due to diabetes, heart disease, and stroke. The request includes \$1.5 million to support 11.0 full-time equivalent positions, 3.0 more than enacted; however, these positions are within the Department's authorized level. Remaining funds will be used for cardiovascular disease control and prevention efforts within both clinical and community settings. *The Governor recommends funding as requested and includes \$4,237 less from statewide medical benefit savings.*

Chronic Care and Disease Management. The Department requests \$4.6 million, including \$4.4 million from federal funds, \$0.1 million from general revenues and \$10,000 from restricted receipts to prevent and control chronic diseases and disabilities, such as asthma and cancer screening. The request is \$0.9 million less than enacted; but \$5,000 is from federal funds to reflect anticipated awards and available funds; it includes the enacted amount of \$146,971 from general revenues to support the Cancer Council.

Adjusting for two federal grants that are expiring, the request includes \$2.0 million or \$0.1 million more for salaries and benefits for benefit rate changes consistent with FY 2021 planning values. It includes \$1.1 million or \$17,467 less than enacted to various community-based organizations for screening and other services. Funds are also provided to the Hospital Association of Rhode Island, which maintains the state's cancer registry, a statewide surveillance database related to cancer patient population. *The Governor concurs and includes an additional \$0.2 million from restricted receipts from a new award to help reduce breast cancer mortality trends in minority patients.*

Other Salaries and Benefits (3.0 FTE). The request including \$3.4 million from all sources, of which \$2.7 million is from federal funds for all other salary and benefit 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 \$0.4 million less than enacted, including \$0.2 million more from general revenues offset by \$0.6 million less from federal funds and restricted receipts reflective of updated staffing allocations and

turnover savings. It should be noted that the general revenue increase is to reflect a shift from operating expenses to salaries and benefits. The Department is using other available federal sources for the operating expenses; this is consistent with the revised request. It includes \$249,507 to fund 3.0 new positions; \$57,804 for a public health epidemiologist is allocated elsewhere in the Department, as well as an assistant health program administrator and a principal resource specialist.

The constrained request excludes funding as well as the staffing authorizations for the new positions.

The Governor concurs with the requested funding and staffing level. She also includes \$11,159 less from all sources, reflecting statewide benefit savings.

Other Expenses. The request includes \$6.5 million from all sources, including \$0.1 million from general revenues, \$4.6 million from federal funds and \$1.8 million from restricted receipts for all other expenses. This is \$1.0 million less than enacted, including \$0.2 million less from general revenues, of which \$39,557 is for contracted tobacco education services and \$0.1 million is for assistance and grant payments. The Department notes that these expenditures are shifted to available federal funds and the general revenues are being used for staffing expenses as noted earlier. This is consistent with the revised request. All other expenditures are \$0.9 million less than enacted, of which \$0.6 million is for grants to various community-based organizations. It also includes adjustments for advertising and indirect cost recovery charges. *The Governor recommends funding as requested.*

Environmental Health

Food Protection Program. The request includes \$4.9 million to fund the Food Protection Program. This is \$0.1 million less than enacted, including \$75,582 more from general revenues offset by \$143,140 less 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 \$4.9 million for salary and benefit costs of approximately 41 positions. This is \$0.1 million and 1.0 less position than enacted, reflective of cost allocations. The request assumes \$0.1 million in turnover savings, \$0.1 million less than the enacted budget and is \$89,277 more than the revised request for benefit rates consistent with FY 2021 planning values. Operating costs of \$0.3 million are \$41,784 more than enacted. This includes \$29,295 to adjust indirect cost recovery charges, \$10,000 for medical supplies and \$14,300 for mileage reimbursement for staff who conduct inspections. *The Governor recommends statewide medical benefit savings of \$18,119 and concurs with the remainder of the request.*

Shellfish Dockside Program. The Department performs testing of plankton and shellfish for domoic acid to protect public health as well as the health of the shellfish industry by determining when it is necessary to stop harvesting shellfish. It also analyzes water samples collected from shellfish growing areas of the Narragansett Bay and the state’s salt ponds for fecal contamination and reports laboratory results to the Department of Environmental Management to decide whether to close shellfish harvesting areas based on high fecal coliform counts or re-open the shellfishing areas when it is safe to resume shellfish harvesting. In 2016 and 2017, the state was impacted by the closures of shellfishing areas. As part of its FY 2019 budget, the Department proposed creating a Center for Shellfish Excellence. The Governor did not concur with that request. The Department’s subsequent requests did not include funding for the Shellfish Dockside Program. *The Governor proposes legislation to impose licensing fees on marine shellfish processors; the fees would be established through rules and regulations. The fees would be based on estimated expenditures for the program and would be deposited as general revenues to support the program. The recommendation includes \$366,138 to fund three new positions, including two clinical laboratory scientists*

and one environmental health food specialist, and operating expenses associated with providing sampling, laboratory testing and monitoring.

Water Protection Programs (2.0 FTE). The Department requests \$3.9 million from all sources to fund the Water Quality Programs, which are responsible for enforcing the provisions of the Safe Drinking Water Act and several state laws relating to safe drinking water and regulating nearly 500 public water systems. The request includes \$0.3 million from general revenues and \$3.6 million from federal funds. The federal Safe Drinking Water Act Revolving Loan Fund was established to provide a mechanism to issue low interest loans to public water systems to improve their infrastructure. The request is \$17,895 less than enacted, including \$17,328 less from general revenues. The request includes \$2.5 million for staffing of 25.0 full-time equivalent positions. This is \$0.1 million and 2.0 positions more than the enacted budget. The request includes \$0.2 million from federal funds to support two new positions, including an administrative officer and an executive assistant to provide clerical support. Operating expenses are \$0.1 million less than enacted to primarily reflect expenditures for training courses. Technical training courses include operator certification exam preparation courses and guidance. This reduction is consistent with the revised request and FY 2019 expenditures were \$500.

The constrained request removes the funding as well as the staffing authorization for the new positions.

The Governor recommends staffing as requested. The recommendation is \$151,637 more from all sources than requested, which includes statewide medical benefit savings \$12,722, offset by \$164,359 from a new federal award to assist in reducing deaths and injuries from drowning and drain entrapment incidents in pools and spas.

Blood Lead Poisoning Prevention (3.0 FTE). The Department entered into a memorandum of understanding with the Housing Resource Commission, whereby the Department took on responsibilities for enforcing the lead mitigation rules in exchange for annual funding from the Commission. The Commission allocated up to \$1.2 million to the Department over three years. The request includes \$1.5 million from all sources for blood lead poisoning prevention activities, \$0.4 million more than enacted, of which \$0.1 million is from general revenues. This includes \$0.3 million from restricted receipts provided by the Housing Resource Commission, which will be used to support 3.0 new full-time equivalent positions, including two industrial hygienists to conduct field inspections and a chief implementation aide for implementing and operating the Lead Hazard Mitigation program. The request includes \$36,331 more than enacted for operating expenses, to adjust indirect cost recovery charges.

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

The constrained request removes the general revenue funding of \$0.3 million as well as the staffing authorization for the new positions.

The Governor concurs with the requested staffing level and recommends an additional \$0.4 million from all sources, including statewide medical benefit savings of \$4,559, offset by \$410,812 from new a federal Environmental Protection Agency award to assist educational agencies in testing for lead contamination in drinking water at schools.

Regional Poison Control Center. The Department requests the enacted amount of \$200,000 from general revenues to fund the Regional Poison Control Center, which provides assistance and medical diagnosis of

poisonings. The center receives calls from individuals, hospitals and health care centers. Rhode Island used to operate its own Poison Control Center at an annual cost of over \$0.4 million. Over a decade ago, it joined with Massachusetts and the cost was reduced to \$0.3 million. Over time, funding for the Poison Control Center was reduced to \$200,000 where it remained through FY 2014 and was funded with bioterrorism grants. The federal bioterrorism grants were reduced and the Assembly provided general revenue funding in the FY 2016 budget.

The Department's constrained request eliminates funding for the center. *The Governor recommends the \$0.2 million as requested.*

Occupational Health and Safety Programs. The Department requests \$0.6 million from all sources, including \$0.5 million from federal funds and \$0.1 million from general revenues for the state's match to support the Occupational Health and Safety Program, which works to eliminate hazardous conditions in the workplace. The request includes \$4,642 less than enacted, including \$5,243 more from general revenues. The Department works with occupational hazard consultants to visit businesses with less than 250 employees to help them find occupational hazards and recommends approaches to address these hazards. These services are provided to employers upon request and at no cost. It includes \$0.5 million to support the authorized level of 5.0 full-time equivalent positions; four of the positions were filled as of the first pay period in January.

The constrained request proposes to eliminate the program for general revenue savings of \$0.1 million.

The Governor recommends \$1,786 less from all sources than the requested amount, reflecting statewide medical benefit savings.

Other Staffing (2.0 FTE) and Operations. The Department requests \$2.4 million from all sources, including \$0.4 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 \$0.2 million more than enacted, including \$0.1 million less from general revenues, offset by \$0.3 million more from federal funds and restricted receipts. It includes \$244,655 from federal funds to support 2.0 new full-time equivalent positions; a senior health promotion specialist and a data analyst. The data analyst will provide technical expertise and assistance for data transfer from applicable systems; the senior public health promotion specialist would serve as the main point of contact for all communications planning and projects within the division. The Department notes that the Centers of Disease Control and Prevention requires this position as a condition for one of the grants the Department receives. Operating expenditures are \$20,701 more than enacted, of which \$15,000 is for software maintenance. The request also includes more for travel expenses and adjusts indirect cost recovery charges.

The constrained request removes the authorizations and funding for the new positions.

The Governor concurs with the requested funding and staffing, and includes \$7,393 less from all sources from statewide medical benefit savings.

Health Laboratories and Medical Examiner

Office of State Medical Examiners. The request includes \$3.2 million from all sources, including \$3.1 million from general revenues for the Office of State Medical Examiners. This is \$0.1 million more than enacted, including \$324,220 more from general revenues. The request includes \$2.5 million for salary and benefit costs of 17.0 full-time equivalent positions, 0.6 position and \$0.1 million less than enacted. This includes \$156,496 more from general revenues and \$250,000 less from restricted receipts; the enacted budget shifts these expenses to available restricted receipts. The request appears to reverse that. It assumes

\$0.3 million in turnover savings, \$63,706 more than the enacted budget assumed. As of the first pay period in January, the Office had one vacancy, which appears to be the chief medical examiner.

The request is \$0.1 million more than the current service level, including \$84,000 more for contracted medical examiners for total funding of \$184,000, or \$4,144 less than the revised request. Expenditures for the first quarter of FY 2020 are \$49,749. Total expenses were \$260,755 in FY 2019, \$213,451 in FY 2018 and \$223,481 in FY 2017. The Department generally understates this expense. The request also includes \$53,333 to purchase a new truck to replace one of the Office's two trucks. The Department indicates that the vehicle has reached the end its useful life and a new vehicle is needed to respond to the scene of deaths. It further notes that it submitted a request for use of the State Fleet Replacement Revolving Loan Fund; however, a decision had not been made.

The constrained request reduces funding for the vehicle by \$40,000. *The Governor recommends use of the State Fleet Replacement Revolving Loan Fund to purchase the vehicle and includes \$26,800, or \$26,533 less than the requested amount to pay the first year's repayment. The recommendation also includes \$6,215 less from statewide medical benefit savings.*

Forensic Laboratory Programs. The Department requests \$3.1 million from all sources of funds for operations of the forensic laboratories. These programs provide testing for the identification of confiscated drugs as well as conducting DNA analysis of evidence to assist law enforcement agencies in solving drug-related and other crimes. The request is \$0.3 million more than enacted, including \$156,098 from general revenues and \$166,353 from federal funds.

Salary and benefit costs of \$2.3 million support approximately 21 positions and are \$161,053 more than enacted, including increases of \$95,038 from general revenues and \$66,015 from federal funds reflective of position allocations and FY 2021 planning values. The request includes \$0.8 million or \$161,398 more for operating expenses, of which \$61,060 is from general revenues. Of this, \$0.5 million or approximately 60 percent is for medical supplies and costs for maintenance of laboratory equipment. The request restores the enacted statewide general revenue savings of \$9,598 as well as \$31,500 that the enacted budget assumes from maintenance of laboratory equipment, as more equipment and instruments are being replaced.

The constrained budget proposes to eliminate the Forensic Drug Chemistry and the Forensic Biology programs for savings of \$1.1 million. The proposal assumes savings of \$0.9 million from the elimination of 8.0 full-time equivalent positions. The Department notes that if these laboratory services are eliminated, the state would no longer qualify to participate in the Combined DNA Index System, which enables federal, state, and local forensic laboratories to exchange and compare DNA profiles electronically. It also excludes \$0.1 million for laboratory equipment. The Department proposed this initiative in its FY 2018 and FY 2019 constrained budgets; however, neither the Governor nor the Assembly concurred.

The Governor concurs with the requested amount and staffing level, and includes \$5,974 less from all sources to reflect statewide medical benefit savings.

Health Laboratories - Other Salaries and Benefits. The Department requests \$4.4 million from all sources for salary and benefit costs of 56.0 full-time equivalent positions for staffing for all other Health Laboratories Program. The staffing requested appears to be 8.0 positions higher than enacted, with the costs allocated elsewhere in the Department. The Department notes that staffing for Health Laboratories is dictated by workload. It further noted 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.

The request is \$0.1 million more than enacted, including \$74,013 more from general revenues and \$6,539 less from federal funds. The general revenue request is \$0.2 million less than the current service level; the

enacted budget assumes a one-time expense for salaries and benefits of \$250,000 from restricted receipts. It appears that the Department maintains this expense as enacted. The request assumes \$0.3 million in turnover savings, which is \$31,612 more than enacted. *The Governor concurs, with the exception of including \$19,014 less from all sources, reflecting statewide medical benefit savings.*

Health Laboratories - Other Expenses. The Department requests \$2.5 million from all sources, including \$2.2 million from general revenues for all other expenses for the Health Laboratories program. Of the requested amount, \$1.0 million or approximately 42 percent is for medical supplies such as test kits, chemicals, reagents and glassware. The request is \$97,696 more than enacted, including \$117,875 more from general revenues and \$20,179 less from federal funds. It includes the enacted amount of \$0.4 million from Rhode Island Capital Plan funds to create a new Laboratory Medical Equipment Fund, which would allow the Department to replace medical equipment. It includes \$0.3 million for maintenance costs for equipment, such as centrifuges and incubators, essentially as enacted. It 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. The request restores the enacted statewide general revenue savings of \$31,883 from three separate statewide savings initiatives designed to reduce operating costs. It also includes minor adjustments for waste disposal, mileage and clerical services. *The Governor recommends funding as requested.*

Customer Services

Medical Marijuana Program. The Department requests \$0.7 million, or \$58,287 more than enacted from restricted receipts for costs associated with the Medical Marijuana program. This includes \$0.6 million or \$60,587 for salaries and benefits, reflective of staffing allocations and turnover restoration; the program is staffed by approximately six positions. The request includes an additional \$91,690 or \$2,300 less than enacted for program expenses, including \$7,950 less for software maintenance costs associated with the medical marijuana regulation system and increases for computer supplies and travel. The request is essentially consistent with the revised request. The Department projects receipts of \$850,000 and a year-end surplus of \$51,670 from these receipts.

The Governor's budget includes legislation for an adult use marijuana program in addition to the Medical Marijuana program, with an anticipated start date of March 2021. The proposal assumes the state would hire contractors to operate the program similar to the arrangement with the state's casinos with net revenues split 29.0 percent to the operators, 10.0 percent to municipalities, and the remaining 61.0 percent to the state. The budget provides funding for the Department of Business Regulation, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, and Departments of Health and Public Safety. The recommendation includes \$638,211 more than requested, which assumes use of \$641,536 from the new proposal to fund 4.0 new full-time equivalent positions and operating expenses. The recommendation also includes \$3,325 less than requested for the existing Medical Marijuana program from statewide medical benefit savings.

Office of Vital Records (1.0 FTE). The Department requests \$2.3 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 \$26,103 more than enacted, including \$46,007 less from general revenues and \$72,110 more from federal funds.

The request includes \$1.7 million for staffing of 17.0 full-time equivalent positions, 0.5 more than the authorized level. The request includes \$120,682 from federal funds to fund a new chief human services policy and systems specialist. The Department notes that the position will be responsible for reporting vital events to the National Center for Health Statistics. It will also serve as a liaison with hospital administration, physicians and other healthcare providers. Adjusting for the new position, all other salary and benefit

expenses are \$142,500 less than enacted; however, it is \$66,293 more than the revised budget for updated staffing allocations and benefit rates consistent with FY 2021 planning values.

The request also includes \$0.6 million for operating expenses, which is \$47,921 more than enacted, including \$53,253 more for clerical services for which the enacted budget includes \$91,747 and FY 2019 expenditures were \$117,288; the revised request assumes \$157,510. The request also includes minor adjustments for computer supplies and travel.

The constrained request excludes funding and staffing authorization for the new position and proposes to lay off a current genealogical clerk and a temporary position for savings of \$224,598, including \$103,916 from general revenues. These eliminations would no longer allow the Department to produce or make copies of vital records available at the Department of Health's building. The only means of obtaining a record would be at the municipality where the vital event occurred. This proposal could impact general revenues, as all receipts generated at the Department are deposited as general revenues and municipalities retain a portion of vital record receipts generated at the local level.

The Governor concurs with the requested amount and staffing level, and includes \$8,342 less from all sources from statewide medical benefit savings.

Facilities Regulations (4.0 FTE). The Department requests \$6.5 million, including \$4.0 million from general revenues and \$2.5 million from federal funds to support the Office of Facilities Regulation, which is responsible for ensuring that approximately 2,400 state licenses and federally Medicare/Medicaid certified health care facilities, health service agencies, assisted living residences and adult day care programs meet the applicable health and safety, and quality standards and regulations of state and federal law.

The request is \$0.8 million more than enacted, \$0.4 million more from both general revenues and federal funds, including \$0.7 million for salaries and benefits of which \$0.4 million is for 4.0 new full-time equivalent positions consisting of a principal health facility surveyor, senior nursing care evaluator, public health nutritionist and a senior human services policy and systems analyst. The analyst position is mainly funded with federal funds and will be responsible for identifying and implementing data driven approaches; the remaining three positions will be responsible for conducting inspections of state facilities as well as investigating complaints.

It should be noted that as part of the FY 2020 budget, the Governor proposed legislation establishing a restricted receipt account to be supported from hospitals' administrative fees or penalties imposed as compliance orders. The Assembly did not concur with the Governor's proposal, it provided general revenue funding in lieu of restricted receipts to support three positions to conduct inspections; as of the first pay period in January the positions have been filled. The Department indicates that a methodology provided by the Office of Internal Audit shows that an additional 11 positions would be sufficient to eliminate the backlog and to conduct routine radiological health inspections. The request includes \$1.0 million for operating expenses, \$0.1 million more than enacted, for clerical services and to adjust indirect cost recovery charges.

The constrained request removes the authorizations and funding for the new positions. *The Governor does not recommend funding the new positions, consistent with the constrained request and includes \$19,124 less from all sources, reflecting statewide medical benefit savings.*

Other Salaries and Benefits. The request includes \$3.5 million from all sources to support remaining staff in the Division of Customer Services, including the Office of Health Professionals Regulation, which is responsible for certifying, licensing, and disciplining health care professionals, as well as, identifying professional standards to ensure the highest quality health care in the state. The health professions for

which the Department provides a license include: dietitians, athletic trainers, nursing home administrators, chiropractors, optometrists, psychologists, funeral home directors/embalmers, and others. The request is \$0.1 million less than enacted, including \$0.1 million more from general revenues, offset by \$0.2 million less from restricted receipts, reflective of turnover and medical benefit savings. The request is \$0.1 million more than FY 2020 projected expenditures for benefit rate changes, consistent with FY 2021 planning values. *The Governor recommends \$15,052 less than requested from all sources from statewide medical benefit savings.*

Health Profession Compacts. The health professions for which the Department provides a license includes: dietitians, athletic trainers, nursing home administrators, assisted living residence administrators, physical therapists, chiropractors, massage therapists, physicians, optometrists, psychologists, funeral home directors/embalmers, and others. There are currently more than 110,000 current licenses issued by the Department in these various professions.

The Governor proposes legislation in Article 20 of 2020-H 7171 requiring the state to join five interstate compacts for five health professions including: physicians, nurses, psychologists, physical therapists and emergency medical personnel. Licenses for these professionals would no longer be issued by the Department of Health. The budget assumes a revenue loss of \$59,331 for the last quarter of FY 2021; the annualized impact is a loss of \$0.2 million. The Governor also recommends \$12,000 from general revenues for a one-time fee to join the licensure compacts for nurses and psychologists.

Other Expenses. The Department requests \$0.7 million from all sources, including \$0.6 million from general revenues for all other expenses. This is \$81,548 less than enacted including \$31,716 less from general revenues for clerical services and postage. It should also be noted that the request restores the statewide general revenue savings of \$26,131 from three separate statewide savings initiatives designed to reduce operating costs. *The Governor recommends funding as requested.*

Policy, Information & Communications

Health Professional Loan Repayment. The Department requests \$1.1 million from all sources, including \$575,000 from federal funds and \$550,000 from restricted receipts for the health professional loan repayment program, for which the enacted budget includes \$2.2 million from all sources. This pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. The request is \$1.1 million less than enacted, including \$25,000 more from federal funds, offset by \$1.1 million less from restricted receipts to reflect anticipated receipts from the Rhode Island Health Care Association, which the Department will use to provide the 50.0 percent minimum match on the federal grant. *The Governor recommends funding as requested.*

All-Payer Claims Database System. Based on projected expenditures, the request includes \$300,000 or \$150,000 less than enacted from restricted receipts for the All-Payer Claims Database, also known as the HealthFacts RI project, which is used to examine the use, quality, and cost of healthcare in the state. This project is jointly managed by the Executive Office of Health and Human Services, Department of Health, Office of the Health Insurance Commissioner, and HealthSource RI. The request is consistent with the revised request and is \$94,330 more than FY 2019 expenses. *The Governor recommends funding as requested.*

Salaries and Benefits (1.0 FTE). The Department requests \$2.4 million from all sources to fund approximately 18.6 positions of the 55.6 full-time equivalent positions for the Division of Policy, Information and Communications; funding for the remaining 37 positions is allocated elsewhere in the Department. 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 \$0.2 million less than enacted, including an increase

of \$14,243 from general revenues, \$15,753 less from restricted receipts and \$219,721 less from federal funds primarily to reflect the end of one federal grant. It includes \$0.1 million from a new federal grant to support a new senior public health epidemiologist position to identify the location of overdoses using law enforcement and Emergency Medical Services' data.

The constrained request excludes funding and the authorization for the new position. The Department indicates that if authorization or funding are not provided, it will lose the federal grant, which also supports other positions.

The Governor concurs with the requested funding and staffing level, and includes \$8,109 less from all sources from statewide medical benefit savings.

Requests for Public Health Data. The Department's Center for Health Data Analysis manages health datasets and systems. These data are currently used to monitor health status and trends in natality, morbidity and mortality. With the exception of hospital discharge data, the Department does not currently charge a fee for data requests. It indicates that it receives approximately 700 requests annually. The Department indicates that it costs \$0.2 million to provide the data; funding for this was not included in the Department's request.

The Governor's budget includes \$0.4 million in new revenue by allowing the Department, through rules and regulation, to charge a new fee for data requests. The legislation requires that approximately 50 percent of revenues be appropriated to the Department to sustain its capacity to manage and maintain data systems to meet demands. The Governor recommends \$0.2 million from general revenues for operating expenses.

Other Expenses. The request includes \$1.3 million from all sources, of which \$0.1 million is from general revenues for operating expenditures in the division. This is \$82,131 more than enacted, including \$6,031 less from general revenues and \$0.1 million more from other sources. This includes \$0.2 million to support law enforcement and other entities for the development of the overdose mapping application program. All other expenses are \$0.1 million less for staff training to reflect updated federal awards. *The Governor recommends funding as requested.*

Preparedness, Response, Infectious Disease & Emergency Medical Services

Hospital Preparedness and Public Health Emergency Response (4.0 FTE). The request includes \$6.7 million from federal funds, \$0.4 million less than enacted based on anticipated awards for hospital preparedness and public health emergency response activities. These funds provide financial support to develop and expand capabilities in three key areas of bioterrorism, preparedness and response. These include monitoring disease patterns to detect changes that signal bioterrorism acts, improving laboratory ability to identify organisms and determine if threats are real, and communicating with trained medical, law enforcement, and emergency personnel.

The request is \$0.4 million less than enacted, including a reduction of \$4.7 million to reflect the end of several bioterrorism grants and a grant for Ebola response related projects, and \$4.2 million more for hospital and preparedness and public health emergency preparedness programs. The request includes \$0.2 million more for salaries and benefits, of which \$0.5 million will be used to fund 4.0 new positions, consisting of two public health policy analysts and two senior public health promotion specialist positions, who will assist with the development and production of health communication plans and campaigns. The health policy analyst positions will manage all emergency training and exercise coordination. Operating expenses are \$0.6 million less than enacted, for which the request includes \$0.8 million in grants to various hospitals including the Hospital Association of Rhode Island, and various municipalities.

The constrained request removes the funding and staffing authorization for the new positions.

The Governor concurs with the requested amount and staffing level and includes \$11,734 less from federal funds from statewide medical benefit savings.

HIV, Hepatitis and Other Diseases Prevention (3.0 FTE). The Department requests \$4.3 million from all sources, including \$0.7 million from general revenues and \$3.6 million from federal funds for prevention and control of communicable disease in the areas of HIV/AIDS, STDs, viral hepatitis and tuberculosis. The request is \$0.7 million more than enacted, all but \$19,763 is from general revenues; the Department notes that the general revenue request is based on an anticipated federal fund reduction. The request includes new expenditures of \$364,000 to support six to ten community-based agencies to conduct prevention activities throughout the state. It also includes \$1.8 million or \$0.5 million more than enacted for salaries and benefits.

This includes \$0.2 million from general revenues to fund a public health promotion specialist and a disease intervention specialist, and \$0.1 million from federal funds to support a community health nurse to conduct activities related to the prevention and control of communicable disease in the areas of HIV/AIDS, STDs, viral hepatitis and tuberculosis. These positions would be responsible for meeting with individuals who have already contracted a sexually transmitted disease in order to prevent the transmission of the disease to others. The Department notes that annual counts of newly diagnosed cases of HIV have been stabilized; however, hospitalization and deaths associated with Hepatitis C are increasing.

The constrained request excludes the funding for the new positions as well as \$0.1 million from federal funds from an existing position.

The Governor recommends \$1.3 million less than requested, including \$0.6 million less from general revenues and \$0.7 million less from federal funds, primarily from federal HIV funds. The Department was anticipating a reduction in funding, but it was not reflected in its request. This is essentially consistent with the revised recommendation. The recommendation funds the requested federally funded position and adds \$0.1 million from a federal Centers for Disease Control and Prevention Venereal Disease Control grant to fund a new position, for a total of two new positions.

Other Salaries and Benefits (1.0 FTE). The request includes \$3.3 million from all sources for all other salary and benefit expenditures in the Division of Preparedness, Response, and Infectious Disease and Emergency Services. This is \$0.1 million more than enacted, including \$22,575 from general revenues and \$0.1 million more from federal funds to fund a new public health epidemiologist position. The Department indicates that the position will be responsible for monitoring 80 or more acute infectious diseases that it is mandated to report.

The constrained request removes the funding and staffing authorization for the new positions.

The Governor concurs with the requested funding and staffing level, and includes \$27,273 less from all sources from statewide medical benefit savings.

Other Expenses. The request includes \$1.6 million from all sources for all other expenses in the division. This is \$0.5 million less than enacted; all but \$12,415 is from federal funds based on available funds from the Centers for Disease Control and Prevention to control emerging infectious diseases. *The Governor recommends funding as requested.*

Department of Human Services

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 9,864,230	\$ 9,529,944	\$ 9,424,954	\$ 9,338,413
Child Support Enforcement	9,748,563	10,733,782	10,796,532	10,814,264
Individual and Family Support	162,655,638	155,017,840	145,944,314	149,166,513
Office of Veterans Services	40,340,206	40,253,594	45,992,074	43,143,720
Health Care Eligibility	11,829,594	14,465,950	20,717,241	19,746,332
Supplemental Security Income	19,487,100	18,938,282	19,487,100	18,889,840
Rhode Island Works	97,285,686	96,370,021	99,235,181	102,848,213
Other Programs	266,154,501	251,037,281	251,154,501	251,016,101
Office of Healthy Aging	20,977,862	22,187,003	32,362,092	30,259,328
Total	\$ 638,343,380	\$ 618,533,697	\$ 635,113,989	\$ 635,222,724
Expenditures by Category				
Salaries and Benefits	\$ 103,645,919	\$ 105,524,245	\$ 106,806,810	\$ 105,120,366
Contracted Services	27,063,415	24,857,645	30,885,821	33,319,924
Subtotal	\$ 130,709,334	\$ 130,381,890	\$ 137,692,631	\$ 138,440,290
Other State Operations	30,385,989	29,933,662	32,697,479	31,913,272
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	471,765,785	452,579,205	458,185,642	458,845,925
Capital	798,192	1,210,012	1,854,157	1,339,157
Capital Debt Service	-	-	-	-
Operating Transfers	4,684,080	4,428,928	4,684,080	4,684,080
Total	\$ 638,343,380	\$ 618,533,697	\$ 635,113,989	\$ 635,222,724
Sources of Funds				
General Revenue	\$ 92,178,627	\$ 92,200,297	\$ 125,819,649	117,884,921
Federal Aid	514,400,576	496,475,895	502,786,678	505,392,395
Restricted Receipts	26,750,699	25,146,367	1,664,184	7,251,930
Other	5,013,478	4,711,138	4,843,478	4,693,478
Total	\$ 638,343,380	\$ 618,533,697	\$ 635,113,989	\$ 635,222,724
FTE Authorization				
Department of Human Services	755.0	755.0	755.0	754.0
Office of Veterans Services	252.1	252.1	252.1	252.1
Office of Healthy Aging	31.0	31.0	31.0	31.0
Total FTE Authorization	1,038.1	1,038.1	1,038.1	1,037.1

Summary. The Department of Human Services, including the Office of Veterans Services and the Office of Healthy Aging, requests total funding of \$635.1 million from all fund sources, including \$125.8 million from general revenues, \$502.8 million from federal funds, \$1.7 million from restricted receipts and \$4.8 million from other funds. This is \$3.2 million less than enacted, including \$33.6 million more from general revenues, offset by \$11.6 million less from federal funds and \$25.1 million less from restricted receipts. The Department also requests the enacted level of 1,038.1 full-time equivalent positions. As of the first pay period in December, the Department has 96.5 vacancies. *The Governor recommends total funding of*

\$635.2 million from all sources, including \$117.9 million from general revenues. She recommends authorization for 1,037.1 full-time equivalent positions, 1.0 less than enacted to reflect the transfer of one position to the Executive Office of Health and Human Services.

Target. The Budget Office provided the Department with a general revenue target of \$102.0 million. The amount includes current service adjustments of \$14.6 million and a 5.0 percent target reduction of \$4.7 million, adjusted for certain exclusions. The Department’s request is \$19.1 million above the current services estimate; the constrained budget submitted by the Department is \$19.6 million above the target.

The Department proposes savings initiatives of \$4.1 million from general revenues. The items are discussed separately, where appropriate. *The recommendation is \$15.9 million above the target.*

FY 2021 Budget	Budget Office	Human Services	Difference
FY 2020 Enacted	\$ 92,178,627	\$ 92,178,627	\$ -
Current Service Adjustments	14,583,255	30,613,485	16,030,230
New Initiatives	-	3,027,537	3,027,537
Change to FY 2020 Enacted	\$ 14,583,255	\$ 33,641,022	\$ 19,057,767
FY 2021 Current Services	\$ 106,761,882	\$ 125,819,649	\$ 19,057,767
Target Reduction/Initiatives	(4,738,922)	(4,147,312)	591,610
FY 2021 Recommendation/Request	\$ 102,022,960	\$ 121,672,337	\$ 19,649,377
<i>Change to FY 2020 Enacted</i>	\$ 9,844,333	\$ 29,493,710	\$ 19,649,377

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 2020 guidelines are as follows.

Percent of Federal Poverty Level Based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 12,760	\$ 16,971	\$ 17,609	\$ 19,140	\$ 22,968	\$ 23,606	\$ 28,710	\$ 31,900
2	17,240	22,929	23,791	25,860	31,032	31,894	38,790	43,100
3	21,720	28,888	29,974	32,580	39,096	40,182	48,870	54,300
4	26,200	34,846	36,156	39,300	47,160	48,470	58,950	65,500
5	30,680	40,804	42,338	46,020	55,224	56,758	69,030	76,700
6	35,160	46,763	48,521	52,740	63,288	65,046	79,110	87,900
7	39,640	52,721	54,703	59,460	71,352	73,334	89,190	99,100
8	44,120	58,680	60,886	66,180	79,416	81,622	99,270	110,300

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

Staffing. The Department requests the enacted level of 1,038.1 full-time equivalent positions for FY 2021. The enacted budget provides funding for approximately 982 positions, leaving approximately 56 positions unfunded. The request provides funding for approximately 980 positions, 2 less than enacted.

As of December 7, 2019, the Department has 941.6 filled positions and is averaging 936.3 filled positions in FY 2020. The Department averaged 914.9 filled positions in FY 2019, 873.4 in FY 2018, and 835.7 in FY 2017. The number of filled positions had been slowly increasing from a low of 781.2 in November 2011, though it 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 1.0 position less than requested, reflecting the transfer of an attorney position from the child care licensing unit to the Executive Office of Health and Human Services.*

Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$117.8 million from all sources, including \$29.1 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 \$0.6 million more than enacted, including \$0.5 million less from general revenues. The Department's request does not reflect the estimate adopted at the November Caseload Estimating Conference and includes two proposals for the Child Care Assistance Program, which would require legislative change.

The following table itemizes cash assistance expenditures as enacted, adopted by the caseload estimators, and recommended by the Governor, along with comparable data for FY 2019. Each category is discussed separately. *The Governor recommends \$122.5 million, including \$33.1 million from general revenues. Compared to the conference estimate, the Governor includes an additional \$0.6 million for Rhode Island Works from three separate proposals and \$4.1 million for subsidized child care from two proposals.*

Cash Assistance	FY 2019 Actual	FY 2020 Enacted	FY 2020 Nov. CEC	FY 2020 Gov. Rev.	FY 2021 Nov. CEC	FY 2021 Gov. Rec.
Rhode Island Works						
Persons	9,321	9,334	9,275	9,275	9,275	9,397
Monthly Cost per Person	\$ 187.74	\$ 188.00	\$ 186.05	\$ 186.05	\$ 186.05	\$ 186.05
Total Costs/Federal Funds	\$ 23.1	\$ 23.3	\$ 23.1	\$ 23.1	\$ 23.1	\$ 23.7
Child Care						
Subsidies	9,099	9,240	9,294	9,294	9,550	9,574
Annual Cost per Subsidy	\$ 7,678	\$ 7,966	\$ 7,840	\$ 7,840	\$ 7,854	\$ 8,262
General Revenue	\$ 9.9	\$ 10.0	\$ 9.4	\$ 9.4	\$ 9.4	\$ 13.4
Federal Funds	60.0	63.6	63.4	63.4	65.6	65.6
Total Costs	\$ 69.9	\$ 73.6	\$ 72.9	\$ 72.9	\$ 75.0	\$ 79.1
SSI						
Persons	33,806	33,750	33,887	33,887	33,800	33,800
Monthly Cost per Person	\$ 46.88	\$ 47.94	\$ 46.40	\$ 46.40	\$ 46.40	\$ 46.40
Total Costs/General Revenues	\$ 19.1	\$ 19.5	\$ 18.9	\$ 18.9	\$ 18.9	\$ 18.9
SSI Transition/Bridge						
Persons	159	162	115	115	104	104
Monthly Cost per Person	\$ 144.84	\$ 150.00	\$ 151.00	\$ 151.00	\$ 150.00	\$ 150.00
Total Costs/General Revenues	\$ 0.9	\$ 0.9	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
General Revenue	\$ 29.8	\$ 30.4	\$ 29.2	\$ 29.2	\$ 29.1	\$ 33.1
Federal Funds	83.1	86.8	86.5	86.5	88.7	89.3
Total Cash Assistance	\$ 113.0	\$ 117.3	\$ 115.7	\$ 115.7	\$ 117.8	\$ 122.5

\$ 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 \$23.1 million entirely from federal funds. The estimate lowered the monthly caseload by 59 cases to a level of 9,275 and the monthly cost per person decreases by \$1.95 to \$186.05. The estimated program expenditures are \$0.2 million less than the enacted budget, reflecting decreases in both the number of persons and the cost per person, as well as \$0.2 million more for supportive services. The Department's request does not reflect the estimate adopted at the November caseload conference.

The Department's request includes \$40,000 from federal funds for a proposal to change the definition of "dependent child" eligible for the program to be someone up to age 19 enrolled in a secondary school; this proposal would require legislation. Current state law defines dependent children as "under age 18 or if 18 will graduate before turning 19." The Department estimates that there are currently 10 individuals that would be found eligible for benefits if this change were adopted. The constrained request excludes the proposal.

The Governor recommends \$0.6 million more than the conference estimate from three separate proposals. She includes legislation and \$40,000 to amend the definition of a dependent child, consistent with the Department's request. The Governor includes \$0.3 million and legislation to exempt income from the monthly benefit calculation for those adult participants who have complied with their employment plan and have earned income from it. Income would be exempted for six months, until their family's total gross household income exceeds 185 percent of federal poverty, or until they reach their lifetime limit, whichever is first. Under current law, earned income is counted towards eligibility and could lead to termination from the program. Based on the adopted monthly cost per case, this is estimated to add 112 persons to the caseload. The Governor also includes \$0.3 million to increase clothing allowances from \$30 to \$100; only a change to rules and regulations is required to effectuate this.

Child Care. The November Caseload Estimating Conference estimate includes child care expenditures of \$75.0 million, of which \$9.4 million is from general revenues. This is \$1.4 million more than enacted, including \$0.6 million less from general revenues. The estimate increases child care subsidies by 310 for a monthly level of 9,550 and decreases the annual cost by \$112 to \$7,854 for FY 2020. The Department requests \$1.9 million more than enacted from general revenues and does not reflect the estimate adopted at the November caseload conference. The request reflects a proposal to expand access to child care to those parents studying full-time at a state institution of higher education and to establish tiered rates of reimbursement for school aged children. Both proposals would require legislation and are discussed below.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for Works they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of poverty. However, families that become eligible remain eligible until the family income exceeds 225 percent of poverty.

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. The rate change applies to licensed child care centers only; as family care providers received separate rate increases. The 2019 Assembly subsequently enacted legislation establishing tiered reimbursement for family based providers for infants and toddlers only. Reimbursements are 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 \$4.1 million more than the conference estimate from general revenues, reflecting two separate proposals described below.

Tiered Reimbursement. The Department requests \$1.7 million to establish tiered rates of reimbursement for school aged children enrolled at child care centers. Providers would be reimbursed based on the state's quality rating system. Additionally, it would amend existing tiered reimbursement rates for infants, toddlers, and preschool age children at center-based facilities, which were enacted in 2018. The new rates would align reimbursements for the lowest performing providers to the 25th percentile of the 2015 market rate survey and the highest performing providers to the 75th percentile of that survey. The Department's constrained request excludes this proposal.

The Governor includes \$3.9 million and legislation to increase tiered reimbursement for infant, toddler and preschool age children enrolled at child care centers. The proposal would align reimbursements for first tier infant and toddler providers with the 25th percentile of a 2018 market survey and payments for top tier preschool providers with the 75th percentile. It also updates rates for school age children to reflect the current weekly reimbursement of \$146.26. Based on the adopted subsidies of 9,550, this is estimated to increase the cost per subsidy by \$408 to \$8,262.

Program Expansion. In her FY 2019 and FY 2020 budget recommendations, the Governor proposed providing child care assistance to those adults studying at one of the state's institutions of higher education. The budget recommendations included \$200,000 from general revenues in each year; however, the Assembly did not authorize the initiative. For FY 2021, the Department requests \$200,000 from general revenues to expand the program to adults studying full-time at one of the state's public institutions of higher education. The Department's constrained request excludes this proposal.

The Governor includes funding as requested and legislation to expand the program to families with incomes below 180.0 percent of the federal poverty level enrolled at one of the state's public institution of higher education. Based on a cost per case of \$8,262, funding would support 24 more subsidies than the November caseload estimate.

Supplemental Security Income Payments. The November Caseload Estimating Conference estimate includes FY 2021 direct supplemental security income expenditures of \$18.9 million from general revenues, or \$0.6 million less than enacted. The caseload increases by 50 persons to a monthly level of 33,800. Estimators decreased the monthly cost per person by \$1.54 to \$46.40. The estimate also includes transaction fees of \$70,000, consistent with the enacted budget. The Department requests the enacted level of funding for the program and does not reflect the estimate adopted at the November caseload conference.

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

Assisted Living State Supplemental Payment. 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 reside in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals residing in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. The request is \$31,648 less than enacted and consistent with the revised request. Based on caseload testimony, program expenses are projected to decline to \$0.2 million. *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 \$0.8 million, entirely from general revenues. The estimate includes \$0.2 million for cash payments and \$0.6 million for burials. The estimate assumes 104 persons per month, or 58 fewer than the enacted budget, and maintains the enacted monthly cost per person of \$150. The estimate is \$0.1 million less than enacted. The Department requests \$0.9 million from general revenues, which is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program.

In its constrained budget, the Department proposes a savings of \$20,000 from encouraging the use of cremations for burials supported through the program. In addition, all unclaimed bodies would be cremated rather than have a traditional burial. *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 have been declining annually; in FY 2019, the Department spent \$28,704, meanwhile it spent \$53,400 in FY 2018, \$55,242 in FY 2017, \$70,000 in FY 2016, and \$70,766 in FY 2015. In the five-year period from FY 2015 through FY 2019, expenses declined 59.5 percent. It has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommends funding as requested.*

Other Programs

Eligibility Programs Administration. The Department requests \$84.2 million from all sources, including \$34.8 million from general revenues, for personnel and operating expenses associated with administering the eligibility programs. This includes administration of Rhode Island Works, the child care assistance program, and the Supplemental Nutrition Assistance Program, as well as expenses associated with the Unified Health Infrastructure Project. The request is \$2.7 million more than enacted from all sources including \$24.8 million from general revenues which reflects the shift of one-time restricted receipts to general revenues. The enacted budget assumes use of \$24.7 million from restricted receipts from a settlement reached with Deloitte. Including the Executive Office of Health and Human Services and HealthSource RI, the enacted budget assumes a total of \$33.2 million from settlement funds. As part of contract negotiations with the vendor, a \$50.0 million settlement was reached in March 2019.

The Governor recommends total funding of \$86.8 million from all sources, including \$36.3 million from general revenues. This is \$2.6 million more than requested, of which \$1.4 million is from general revenues and \$1.1 million is from federal funds. Consistent with the request, the Governor excludes funding from one-time Deloitte settlement funds. It should be noted that the Governor's revised budget shows the full \$50.0 million but does not identify if the state share assumptions have changed. On February 6, the state

was notified that its share of settlement funds is \$30.0 million. It remains unclear how this impacts state support for the project.

Staff and Other Expenses	General Revenues			All Sources		
	Eligibility			Eligibility		
	UHIP	Admin.	Total	UHIP	Admin.	Total
Enacted	\$ (2.3)	\$ 12.3	\$ 10.1	\$ 34.7	\$ 46.8	\$ 81.5
Revised Request	(6.4)	16.3	9.9	29.9	52.2	82.1
Gov. Revised Rec.	\$ (6.4)	\$ 16.2	\$ 9.8	\$ 26.2	\$ 52.0	\$ 78.2
FY 2021 Request	11.1	23.7	34.8	24.6	59.6	84.2
Governor Rec.	12.7	23.7	36.4	27.3	59.4	86.8
Gov. Rec. Chg to Enacted	\$ 15.0	\$ 11.3	\$ 26.2	\$ (7.4)	\$ 12.7	\$ 5.3

\$ in millions; includes rent

Staffing. The Department requests \$47.6 million from all sources, including \$21.4 million from general revenues for staffing expenses. The request is \$2.2 million less than enacted, including \$10.5 million more from general revenues. The enacted budget includes \$10.9 million from restricted receipts to be collected from a settlement with Deloitte; the FY 2021 request includes \$10.5 million from general revenues to offset the loss of restricted receipts. Staff time is typically allocated to specific programs based on the amount of time spent on each; funding for portions of 322 eligibility staff and operating costs are included in Unified Health Infrastructure Project expenses in order to receive an enhanced Medicaid match rate for staff. The enhanced Medicaid match rate is 75.0 percent, or 25.0 percent more than the regular match rate of 50.0 percent. The reduction of staff expenses associated with administration of the programs is offset by increases in other areas, discussed separately. *The Governor recommends \$0.2 million less than requested including \$0.1 million less from general revenues, which reflects statewide medical benefit and overtime savings.*

Unified Health Infrastructure Project Expenses. The Department requests \$14.5 million from all sources, including \$8.5 million from general revenues for operating expenses for the Unified Health Infrastructure Program, excluding personnel. This is \$1.1 million more than enacted from all sources including \$13.4 million more from general revenues. The request excludes \$13.9 million from one-time available restricted receipts collected from a settlement with Deloitte. The request includes \$13.4 million from general revenues in place of those restricted receipts. It also includes \$1.5 million more from federal funds. Expenses for the project are shared between the Department, the Executive Office of Health and Human Services and HealthSource RI. The Executive Office oversees all non-personnel expenses, including contracted services. The request reflects the Department's share of anticipated expenses.

The Department's constrained request reduces Unified Health Infrastructure Project expenses by \$0.7 million, including \$0.5 million from general revenues. The proposal would reduce operating and contracted services expenses; however, these expenses are managed by the Executive Office of Health and Human Services. It anticipates that the proposed reductions would limit additional system testing and other contracts. *The Governor recommends \$2.8 million more than requested including \$1.5 million more from general revenues for contracted project expenses. This appears to include \$1.1 million from general revenues to replace Information Technology Investment funds that had been used to support the program.*

Rent for Satellite Offices. The Department requests \$4.2 million from all sources for rent of office space, including \$1.2 million from general revenues. This is \$2.1 million more than enacted from all sources, including \$0.2 million less from general revenues. It renewed the lease for the Pawtucket office at the start of FY 2020 and is pursuing a new lease for the Providence location. The enacted budget assumes \$0.6 million of savings from all sources, including \$0.2 million from general revenues, from moving Providence field staff to two smaller locations and \$0.6 million from all sources, including \$0.3 million from general revenues from moving back-office activities to the Pastore campus. New office sites for staff have not been

determined as of January 2020; however, the request assumes the general revenue savings in FY 2020. *The Governor recommends funding as requested.*

Other Expenses. Excluding rent, the Department requests \$17.9 million from all sources for all other expenses, including \$3.8 million from general revenues. The request is \$1.7 million more than enacted from all sources, including \$1.2 million more from general revenues. This primarily reflects actual FY 2019 spending and includes increases of \$0.7 million for postage, \$0.5 million for contracted information technology expenses, \$0.4 million for security services at its satellite offices, and \$0.1 million for staff training expenses.

The Department's constrained request includes \$80,000 of miscellaneous operating savings. This would include a review of current postage costs to determine if reducing the number of notices would reduce overall postage and printing costs. It would also review telephone usage to identify unused ports that could be eliminated and result in savings. *The Governor recommends funding as requested.*

Rhode Island Works Pilot. Consistent with the revised request, the Department requests \$0.6 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 is \$0.2 million less than enacted from federal funds, which reduces expenditures based on prior year experience; however, it appears to be overstated as annual program expenses have averaged \$0.3 million over the last four years. *The Governor recommends funding as requested.*

Supplemental Nutrition Assistance Program - Benefits. Consistent with the revised request, the Department requests \$250.1 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program in FY 2021. This is \$15.0 million less than enacted to reflect anticipated program participation and actual FY 2019 experience. *The Governor recommends funding as requested.*

Child Support Enforcement Program. Consistent with the revised request, the Department requests \$10.5 million from all sources for expenditures related to child support enforcement. This includes \$2.8 million from general revenues and \$7.7 million from federal funds. The request is \$1.0 million more than enacted, including \$0.1 million more from general revenues. This includes \$0.9 million more for contracted information technology services based on actual FY 2019 expenses and \$0.3 million from filling two more positions than assumed in the enacted budget; this is offset by other operating reductions of \$0.2 million. *The Governor recommends \$29,402 less than requested, reflecting statewide medical benefit savings.*

Child Care Quality Earmarks. Consistent with the revised request, the Department requests \$3.7 million from federal Child Care Development Block Grant funds designated for improving the quality of the state's child care assistance program. The request is \$0.8 million more than enacted and reflects anticipated expenses based on the actual FY 2019 experience and available discretionary block grant funding, which were made available in federal fiscal years 2018 and 2019. The additional funds have been used to provide technical assistance and professional development to child care providers, including a cohort-based model at the Community College of Rhode Island. *The Governor recommends funding as requested.*

Child Care Licensing Unit. Consistent with the enacted budget, the Department requests \$0.8 million and authorization for 8.0 full-time equivalent positions to support the child care licensing unit. The request also includes the enacted amount of \$0.2 million from general revenues. It should be noted that the enacted budget also includes funding and authorization for 1.0 new attorney position in the Executive Office of Health and Human Services for the licensing unit; however, this position appears in the Department's request. The FY 2020 enacted budget transferred the Child Care Licensing Unit from the Department of Children, Youth and Families to the Department of Human Services. 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 unit was transferred to centralize transactions between

child care providers and the state. *The Governor recommends funding as requested but transfers authorization for the attorney position to the Executive Office of Health and Human Services; it is not clear how the Executive Office repurposed the existing authorization.*

Preschool Development Grant. The Department requests \$2.7 million from federal preschool development funds, which is \$0.1 million less than enacted. In December 2018, the Department was awarded a \$4.2 million grant from the federal Administration for Children and Families Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. It is working with the Departments of Health, Elementary and Secondary Education, and Children, Youth and Families on this initiative. Funding is being used for a facilities assessment to identify space that could be used to expand the state's prekindergarten program, a family needs assessment, and a funding stream analysis, as well as technical assistance and professional development for providers. *The Governor recommends funding essentially as requested.*

LIHEAP and Weatherization Assistance Programs. The Department requests \$32.6 million from federal sources for benefits and operating expenses related to the low income home energy assistance and weatherization assistance programs, which is \$0.1 million less than enacted and based on anticipated awards. The request includes \$31.8 million for home energy and weatherization projects, \$0.7 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 to meet the increasing costs of home energy and to 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 \$2,260 less than requested reflecting medical benefit savings.*

Paratransit Services for the Elderly. The Department requests \$7.8 million from all sources for elderly transportation services, including \$2.9 million from general revenues, \$0.4 million from federal funds and the enacted level of \$4.4 million from gas tax proceeds. The request is \$16,773 more than enacted from all sources, including \$1,919 more from general revenues. The Department also requests to shift the program to the Office of Healthy Aging, which has oversight of it. The Executive Office of Health and Human Services entered into a new services contract with Medical Transportation Management in 2019, 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 funding as requested and in the Office of Healthy Aging.*

Community Services Block Grant. Consistent with the revised request, the Department requests \$4.4 million from federal funds for expenses related to the community services block grant, including salaries and benefits. The request is \$0.2 million less than enacted based on prior year spending. It includes \$4.3 million for direct grants awarded to the state's nine community action agencies and \$35,261 for staffing and all other operating expenditures. *The Governor recommends funding essentially 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 Department's constrained request eliminates the funding. *The Governor does not recommend funding this program.*

Day One. The Department requests the enacted level of \$217,000 from general revenues for outreach 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 \$175,000 more than requested for total funding of \$350,000.*

Community Action Agencies. The Department requests the enacted level of \$600,000 to support services provided by the state's nine community action agencies. *The Governor recommends funding as requested.*

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 the enacted level of \$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 \$18.5 million from all sources for staffing and operational expenses to provide vocational rehabilitation services, including \$4.0 million from general revenues and \$14.5 million from federal funds. The request is \$3.9 million less than enacted, including \$0.1 million less from general revenues but still considerably higher than FY 2019 expenses of \$14.3 million. This primarily reflects \$4.0 million less for subawards for total grant funding of \$8.1 million; however, this is double the amount awarded in FY 2019.

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 Department's constrained request includes savings of \$0.3 million, of which \$9,000 is from general revenues from a proposal to relocate the Office of Rehabilitation Services into an unidentified state owned property beginning April 1, 2021. *The Governor recommends \$39,102 less than the unconstrained request, reflecting medical benefit savings.*

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 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 \$1,205 more than enacted from all sources; however, it shifts \$21,263 of expenses from federal funds to general revenues, reflecting the state's share of providing the services.

The Departments constrained request reduces expenses by \$210,000 from all sources, including \$105,840 from general revenues from a proposal to eliminate the home modification program. *The Governor recommends funding consistent with the unconstrained request.*

Services for the Blind and Visually Impaired. The Department requests \$0.8 million from all sources of funds, including \$0.7 million from general revenues, for services to the blind and visually impaired. The request is \$3,890 less than enacted, and shifts \$0.1 million from federal funds to general revenues for grant expenses. It also includes \$0.2 million more from general revenues for personnel, offset by \$0.1 million less from all sources for contracted expenses. The additional general revenues offsets a reduction of federal funds across all programs supported by the Office of Rehabilitation Services, reflecting a reduction in anticipated grant awards. Overall, the Office's request for staff is \$0.2 million less than enacted, including \$0.3 million less from federal funds and \$0.2 million more from general revenues. *The Governor recommends \$5,107 less than requested reflecting medical benefit savings.*

Disability Determinations Services. The Department requests \$9.4 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 \$0.4 million less than enacted, 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 2021 requests more closely reflect FY 2019 actual spending. *The Governor recommends \$20,200 less than requested reflecting medical benefit savings.*

Refugee Assistance. The Department includes \$0.5 million from federal funds for refugee assistance programs, \$0.8 million less than enacted. The Department inadvertently shifted rent expenses to this program in its FY 2020 request. The refugee services grant cannot support these rent expenses, which have been shifted throughout other program areas based on an updated cost-allocation plan. Additionally, funding to local organizations is reduced by \$0.2 million compared to the enacted budget; however, anticipated subawards are \$0.2 million more than actual FY 2019 disbursements. *The Governor recommends funding essentially as requested.*

Other Staffing. The Department requests \$4.9 million from all sources for all other staffing expenses in the central management and individual and family support programs. This is \$1.4 million more than enacted primarily from federal funds and reflects shifting expenses to program areas expected to incur the costs, primarily from program eligibility administration. *The Governor recommends \$1,145 less than requested from all sources from medical benefit savings.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department requests \$8.0 million for its share of centralized services, including \$4.8 million from general revenues. The request is \$0.2 million more than the enacted budget and the revised request at the direction of the Executive Office of Health and Human Services. *The Governor recommends \$0.3 million less than enacted from all sources, including \$0.6 million less from general revenues. This reflects \$0.4 million less for the Department's share of centralized facilities management, offset by \$0.2 million more for information technology services.*

Other Operations. The Department requests \$6.0 million from all sources for all operations including \$1.9 million from general revenues, \$3.6 million from federal funds, and \$0.6 million from restricted receipts. This is \$0.2 million more than enacted, including \$0.2 million more from general revenues, \$0.1 million more from federal funds and \$0.1 million more from restricted receipts, offset by \$0.2 million less from other sources. This includes \$0.2 million less for grants for client and education services, which reflects the shift of restricted receipts for program supplies and technology needs. It also includes \$0.1 million more for contracted temporary services based on actual FY 2019 expenses. *The Governor recommends \$24,072 less from all sources, primarily from miscellaneous operating expenses, which appears to restore statewide savings from other program areas.*

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 description of this project is included in the Capital Budget section of the publication.*

Office of Veterans Services

The Office of Veterans Services comprises 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, hosts educational events, and provides oversight to its other programs.

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 2021 request assumes federal reimbursement consistent with federal FY 2020 rates, for a total of \$11.0 million. The per diem reimbursement varies to include: \$452.86 for those with a service connected disability, \$112.36 for nursing home and \$48.50 for those in the dormitory setting. Reimbursement rates for nursing home and dormitory settings are set nationally and typically increase each year; meanwhile, federal reimbursement for those with a service connected disability vary by home and fluctuates annually. *The recommendation assumes reimbursements consistent with federal FY 2020 rates.*

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

In FY 2019, the Office collected \$1.2 million from Veterans' Home resident restricted receipts and anticipates collecting \$1.1 million in each FY 2020 and FY 2021. However, it spent \$0.4 million from restricted receipts in FY 2019, \$0.8 million less than it collected. The revised FY 2020 request includes restricted receipt expenditures of \$2.4 million, drawing on its available account balance. The FY 2021

request includes a total of \$0.5 million from restricted receipts, \$0.5 million less than enacted assumptions and \$1.8 million less than the revised FY 2020 request.

The Department's constrained request includes \$1.1 million more from restricted receipts from a proposal to increase the resident income assessment rate, which would align the state with Massachusetts. Current state law sets the rate of 80 percent of income, adjusted for certain factors. The proposal would increase the assessment to 100 percent of income, which would be offset by increasing the personal needs allowance from \$150 to \$200 per month per resident and by retaining physical and occupational therapy at no cost to the residents. Prior to implementing the change to charge Medicare or other third parties for rehabilitative services, the state paid for this care, which was \$0.5 million.

The Governor recommends \$6.4 million from Veterans' Home restricted receipts, \$5.4 million than enacted. She includes Article 16 of 2020-H 7171 to increase the resident monthly assessment rate to 100 percent of net income, with a \$300 monthly personal needs allowance. This change is estimated to increase assessments by \$1.0 million, which equates to an annual increase of \$4,470 per resident; however, the actual impact varies widely. The article also requires that all assessments be deposited into the Home's restricted receipt account; under current law, most of the assessment is deposited as general revenues.

Veterans' Home Personnel. The Office requests \$30.9 million from all sources for personnel expenses at the Veterans' Home, including staff and pooled nurses. This includes \$21.3 million from general revenues and \$9.7 million from federal funds. The request is \$3.6 million more than enacted, \$3.7 million of which is from general revenues. This includes restoration of \$2.4 million of turnover savings and \$1.0 million more for overtime savings. The request reflects funding for 233.8 full-time equivalent positions, 3.3 less than enacted.

Based on the Governor's FY 2020 recommended budget, the enacted budget assumes general revenue savings of \$1.2 million from overtime and \$0.8 million from contracted medical services based on a review to be conducted by the Executive Office of Health and Human Services. The review was not conducted prior to the start of FY 2020, though the Home did implement an acuity-based model for pooled nursing staff in order to reduce costs. However, Veterans' Home operations are currently being reviewed by the Executive Office of Health and Human Services in conjunction with the Rhode Island National Guard, as well as with assistance from other state agencies. The review will focus on operational and financial management practices within the Veterans' Home, including staff models and contracts. It is anticipated to identify savings opportunities, with recommendations anticipated by the end of January 2020.

The Governor recommends \$1.5 million less than requested from all sources, which includes savings of \$0.6 million from a minimum staffing initiative, \$0.3 million from a statewide initiative to reduce the incidence of sick time, and \$0.1 million from statewide medical benefit savings. The recommendation is also \$0.7 million less than requested from overtime expenses. As of early February, a full report from the Executive Office and National Guard is not yet available, though the Adjutant General released preliminary recommendations including using human resource software tools to manage and regulate overtime, assigning an on-site human resources specialist, and increasing the number of dietary staff.

Veterans' Home Other Contracted Services. Consistent with the revised request, the Office requests \$1.9 million from all sources, including \$1.6 million from general revenues for all other contracted services. This is \$0.1 million more than enacted from all sources, including \$0.8 million more from general revenues, \$0.3 million less from federal funds, and \$0.4 million less from restricted receipts. The request largely shifts expenses from other sources to general revenues in order to use them for personnel and other operating expenses. It should be noted the Veterans' Home FY 2021 request assumes a total of \$0.5 million of restricted receipt expenses, which is \$0.5 million less than both the enacted budget and anticipated collections.

Based on the Governor's recommended FY 2020 budget, the enacted budget assumes general revenue savings of \$0.8 million from contracted janitorial services. The savings were to have been achieved through an operational review conducted by the Executive Office of Health and Human Services, which did not occur prior to FY 2020. Veterans' Home operations are currently being reviewed by the Executive Office of Health and Human Services in conjunction with the Rhode Island National Guard, as well as with assistance from other state agencies. The review will focus on operational and financial management practices within Veterans' Home, including staff models and contracts. It is anticipated to identify savings opportunities with recommendations anticipated by the end of January 2020.

The Governor recommends \$0.6 million less than requested from general revenues, which assumes savings of \$0.5 million from contracted janitorial expenses and \$0.1 million from other contracted medical expenses. It is not clear how these savings will be achieved. As of early February, a full report from the Executive Office and National Guard is not yet available, though the Adjutant General released preliminary recommendations including renegotiating the janitorial contract to reduce the daily number of housekeepers, or terminating the current contract to pursue one that aligns with industry standards.

Veterans' Home Operations. The Office requests \$4.2 million for all other operations at the Veterans' Home in Bristol. The request includes \$2.6 million from general revenues, \$1.1 million from federal funds, and \$0.4 million from restricted receipts. The request is \$1.6 million more than enacted from all sources, including \$0.8 million more from general revenues, \$0.7 million more from federal funds, and \$0.3 million more from restricted receipts. Excluding federal capital funds, the request includes \$0.5 million more for medical supplies and pharmaceuticals, \$0.2 million more for property insurance, and \$0.3 million for other miscellaneous expenses. This is \$3.5 million more than the revised request, which lowered projected expenditures in order to align the Office's revised general revenue request with the enacted budget.

It should be noted that Veterans' Home operations are being reviewed by the Executive Office of Health and Human Services in conjunction with the Rhode Island National Guard, as well as with assistance from other state agencies. The review will focus on operational and financial management practices within the Veterans' Home, including staff models and contracts. It is anticipated to identify savings opportunities with recommendations anticipated by the end of January 2020.

The Governor recommends \$0.8 million less than requested from all sources from reductions to various operating expenses, including medical supplies, information technology, and miscellaneous expenses. It is not clear how these savings will be achieved. As of early February, a full report from the Executive Office and National Guard is not yet available, though the Adjutant General released preliminary recommendations including use of food service software to manage inventory.

RI Serves. Consistent with the enacted budget, the Office's FY 2021 request excludes funding for RI Serves, a coordinated care and case management system used to connect veterans applying for assistance with programs through a community provider network. The project was launched using Information Technology Investment funds in FY 2019. The Governor included \$153,000 from general revenues in her FY 2020 recommendation to support the program; the Assembly did not concur. The program was subsequently funded from information technology funds for FY 2020. *The Governor recommends \$153,000 from general revenues for the program and includes the funding in the Veterans' Home budget.*

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 funding as requested.*

Other Operations. The Office requests \$2.2 million from all sources, including \$2.0 million from general revenues for all other expenses. This is \$0.1 million more than enacted, including \$24,365 less from general revenues. The request includes \$1.8 million for the remaining 15.0 full-time equivalent positions that staff the Office and Veterans' Cemetery, which is \$55,365 less than enacted for personnel costs and would fully

fund the requested positions. The request includes \$31,000 more than enacted from general revenues for all other expenses, which reflects actual FY 2019 spending, and \$135,000 from restricted receipts to purchase grave and cremation boxes that were excluded from the enacted budget. These expenses are offset by a grave liner fee collected on qualifying non-veteran burials; under current law, the fee is equal to the manufacturer cost. For FY 2020, the fee ranges from \$110 to \$300 depending on the size of the grave liner.

The constrained request is \$510,000 less than the unconstrained request from two proposals for the Veterans' Cemetery. The Office proposes to eliminate Saturday burials, which is consistent with federal practice, for overtime savings of \$42,000. Additionally, it proposes to collect a plot allowance for non-veterans buried at the cemetery; it currently receives a federal plot allowance of \$796 for each veteran burial but does not receive an allowance for non-veterans.

The Governor recommends \$143,752 less than requested from all sources, which excludes the requested restricted receipts and reflects \$8,752 of statewide medical benefit savings from general revenues. Consistent with the constrained request, the Governor also includes legislation to increase the fee paid by non-veteran spouses and dependents interred at the cemetery. The grave liner would be replaced with one tied to the federal plot allowance for veteran interments. Supporting documentation submitted with the budget estimates revenues of \$0.4 million from this change; however, the funds are excluded from the budget.

Capital Projects. The Office requests \$3.7 million from all sources for projects at the Rhode Island Veterans' Memorial Cemetery in Exeter and Veterans' Home in Bristol. This includes the enacted amount of Rhode Island Capital Plan funds for asset protection projects at the Veterans' Home and \$3.3 million more for projects at the Veterans' Cemetery. The request is \$2.7 million more than the capital budget submission from all sources, primarily from a shift of \$3.0 million of federal funds for one project at the cemetery from FY 2020 to FY 2021; the capital budget request assumes federal funds would be used over multiple years. *The Governor recommends \$0.1 million more than requested for all projects, including \$0.3 million more for projects at the cemetery and \$150,000 less for the Veterans' Home asset protection project. A detailed description of these projects is included in the Capital Budget section of the publication.*

Office of Healthy Aging

The Office of Healthy Aging, formerly known as 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 60 years of age and older, as well as adults with disabilities. The Office 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 to remain independent in the community and administers and funds a wide range of community programs, activities, and services.

Home and Community Care Services. The Office requests \$9.5 million from all sources, including \$4.5 million from general revenues for home care and adult day care services. This is \$2.6 million more than enacted from all sources, including \$1.2 million more from general revenues; of this amount, \$2.1 million from all sources, including \$1.0 million from general revenues, would be used to increase eligibility for the in-home and day care programs. The program currently subsidizes in-home and adult day care programs for non-Medicaid eligible individuals with incomes up to 200 percent of the federal poverty level.

The Office proposes to increase income eligibility for all populations to 250 percent of the poverty level, which is similar to a proposal included in the Governor's FY 2020 budget recommendation. It estimates that 204 in-home and 65 adult day care clients would be served from expanding the income limitation. Additionally, the request proposes to pilot a service for homemaking only and increase eligibility to include individuals ages 19-64 with early on-set dementia. An estimated 39 residents with early on-set dementia and 100 residents through the homemaking only pilot would be served. Legislation is required to expand

the program. The remainder of the request is \$0.2 million more than the revised request based on federal match requirements.

The Department's constrained request excludes funding to expand the program. *The Governor recommends \$0.4 million more from all sources than enacted including \$39,897 more from general revenues. This reflects updated federal match rates and assumes growth in participation. The Governor does not include funding or legislation to expand the program.*

Senior Center Support. The Office 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 Office requests \$1.4 million from all sources of funds to support Meal on Wheels and elderly nutrition services. This includes the enacted amount of \$0.6 million from general revenues, as well as \$0.9 million from federal Title III funding, which is \$50,500 more than enacted reflecting anticipated grant funds.

The constrained request reduces general revenue support for Meals on Wheels by \$159,000. *The Governor recommends funding as requested.*

Respite Care. The Office requests the enacted level of \$325,000 for the Diocese of Providence to support the respite care program. The Diocese of Providence's CareBreaks Program assists caregivers taking care of family members with disabilities of any age. Some volunteers may be available but, if needed, CareBreaks may also help to pay part of the cost for respite provided by approved agencies. The program is also supported by Catholic Charities and federal grants. *The Governor recommends funding as requested.*

Elderly Housing Security. The Office 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 Office 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 constrained request eliminates the funding. *The Governor recommends funding as requested.*

Long Term Care Ombudsman. The Office requests the enacted amount of \$0.2 million 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, Alliance for Better Long Term Care, advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services and 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 Office 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 \$2,181 more than enacted, which restores statewide savings assumed in the enacted budget.

It should be noted that the Office spent \$0.1 million in FY 2019, or \$65,067 more than enacted, which included one-half of salary and benefit expenses for a staff attorney at the Executive Office of Health and Human Services. The attorney reportedly oversees the volunteer guardianship program. Neither the revised

FY 2020 nor FY 2021 requests assume this expense will occur again. *The Governor recommends funding as requested.*

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

The Executive Office of Health and Human Services' request excludes funding specifically for the Aging and Disability Resource Center; however, it includes \$0.2 million for FY 2021 from federal Money Follows the Person funds for its No Wrong Door initiative; the Center will now be part of this initiative. *The Governor recommends funding as requested.*

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

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

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

Pharmaceutical Assistance to the Elderly. Consistent with the revised request, the Office requests \$15,000 from restricted receipts, \$18,000 less than enacted, for the pharmaceutical assistance for the elderly program. Consistent with its FY 2020 request, the enacted budget assumes expenses of \$33,000 which was based on actual FY 2017 expenses. However, the program has experienced a decline in participation and utilization due to the Affordable Care Act and Medicare Part D. The revised request reduces expenses based on actual FY 2018 and FY 2019 experience. *The Governor recommends funding as requested.*

Other Grants. The Office 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 \$0.4 million more than enacted and \$0.1 million less than the revised request from federal funds, primarily reflecting anticipated awards as well as the expiration of one grant. *The Governor recommends funding as requested.*

Other Operations. The Office requests \$3.9 million from all sources for other operating expenditures within the Office, including \$1.8 million from general revenues, \$2.0 million from federal funds and \$0.1 million from restricted receipts for indirect costs collected on federal grants. The request is \$40,787 less than enacted, including \$0.1 million more from general revenues, \$0.1 million less from federal sources, and \$25,330 less from restricted receipts. It includes \$0.1 million more from all sources for personnel expenses for a total of \$3.5 million to support 30.0 of its authorized 31.0 full-time equivalent positions. The request also reduces operating expenses by \$0.2 million based on actual FY 2019 expenses, consistent with the revised request. As of the first pay period in January, the Office has 28.0 filled positions. *The Governor recommends \$38,991 more than requested from all sources reflecting changes in employee benefit selections.*

Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 4,811,799	\$ 5,101,083	\$ 10,870,560	\$ 6,780,745.00
Services for the Dev. Disabled	296,900,197	292,159,839	322,147,088	305,224,559
Hosp. & Comm. System Support	2,265,323	2,820,150	3,590,813	3,569,945
Hospital & Comm. Rehab. Services	121,948,107	119,618,217	127,011,876	130,088,219
Behavioral Healthcare Services	37,270,030	48,052,958	42,113,789	41,393,405
Total	\$ 463,195,456	\$ 467,752,247	\$ 505,734,126	\$ 487,056,873
Expenditures by Category				
Salaries and Benefits	\$ 126,925,009	\$ 126,988,720	\$ 131,591,892	\$ 118,437,452
Contracted Services	6,662,622	12,668,684	12,405,528	12,287,525
Subtotal	\$ 133,587,631	\$ 139,657,404	\$ 143,997,420	\$ 130,724,977
Other State Operations	25,971,178	28,004,867	28,290,208	28,153,590
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	302,919,524	299,319,616	327,187,436	327,355,042
Capital	717,123	770,360	6,259,062	823,264
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 463,195,456	\$ 467,752,247	\$ 505,734,126	\$ 487,056,873
Sources of Funds				
General Revenue	\$ 196,381,240	\$ 195,276,093	\$ 213,483,419	\$ 207,783,433
Federal Aid	260,425,869	264,661,112	279,676,652	270,739,429
Restricted Receipts	6,088,347	7,496,246	6,768,257	8,134,011
Other	300,000	318,796	5,805,798	400,000
Total	\$ 463,195,456	\$ 467,752,247	\$ 505,734,126	\$ 487,056,873
FTE Authorization	1,189.4	1,189.4	1,192.9	985.4

Summary. The Department requests \$505.7 million from all sources, including \$213.5 million from general revenues, \$279.7 million from federal funds, \$6.8 million from restricted receipts, and \$5.8 million from Rhode Island Capital Plan funds in its FY 2021 request. The request is \$42.5 million more than the FY 2020 enacted budget and includes \$17.1 million more from general revenues, \$19.3 million more from federal funds, \$0.5 million more from restricted receipts and \$5.5 million more than enacted from Rhode Island Capital Plan funds.

The request also includes a staffing of 1,192.9 positions; 3.5 more than the current authorized level. The Department requests three new positions and inadvertently includes a 0.5 position in error.

The Governor recommends \$487.1 million from all sources, including \$207.8 million from general revenues. The recommendation is \$23.9 million more than enacted from all sources, which is \$18.7 million less than requested. General revenues would be \$11.4 million more than enacted, \$5.7 million less than requested. The Governor recommends of 985.4 full-time equivalent positions, 204.0 less than enacted and 207.5 less than requested.

Target Issues. The Budget Office provided the Department with a general revenue target of \$196.3 million. The amount includes current service adjustments of \$9.7 million and a 5.0 percent target reduction of \$9.7 million, adjusted for certain exclusions.

FY 2021 Budget	Budget Office	Dept. of BHDDH	Difference
FY 2020 Enacted	\$ 196,381,240	\$ 196,381,240	\$ -
Current Service Adjustments	9,679,457	11,228,619	1,549,162
New Initiatives	-	5,873,560	5,873,560
Change to FY 2020 Enacted	\$ 9,679,457	\$ 17,102,179	\$ 7,422,722
FY 2021 Current Service/Unconstrained Request	\$ 206,060,697	\$ 213,483,419	\$ 7,422,722
Target Reduction/Initiatives	(9,719,376)	(9,897,043)	(177,667)
FY 2021 Constrained Target/Request	\$ 196,341,321	\$ 203,586,376	\$ 7,245,055
<i>Change to FY 2020 Enacted</i>	\$ (39,919)	\$ 7,205,136	\$ 7,245,055

The constrained budget submitted by the Department is \$7.2 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 \$11.4 million above the target.*

Departmentwide

Capital Projects. The Department requests \$5.8 million from Rhode Island Capital Plan funds for various projects, \$5.5 million more than enacted. The enacted budget includes funding for the residential development program in the Division of Developmental Disabilities with all other capital projects for the Department included in the Department of Administration's budget. *The Governor recommends \$0.4 million for two projects discussed in detail in the Capital Budget section of this publication; this is \$5.4 million less than requested.*

Centralized Services. The Department includes \$13.2 million in its revised budget for centralized services essentially, consistent with the enacted budget but shifts \$1.1 million of general revenue funded expenses to federal funds. The Department's revised and FY 2021 requests assume the ability to use Medicaid to pay for over half the expenses it is charged for centralized services. For FY 2019, the percentage of federal funds charged was approximately 43 percent, but also included charging non-Medicaid federal grant funds for the expenses. It is unclear if this higher percentage is allowable. For example, the state hospital is not entirely funded through Medicaid; there are patients for whom the state pays the whole cost. This shift from state to federal funds also allows the Department to stay within its enacted general revenue appropriation for FY 2020. *The Governor recommends \$0.1 million more than requested based on Budget Office estimates.*

Staffing Reorganization. The Department requests 1,192.9 full-time equivalent positions for FY 2021 which is 3.5 more than enacted. Of the 1,189.4 authorized full-time equivalent positions, the Department transfers staff among divisions primarily to reflect actions taken during its reorganization as well as other staffing adjustments.

For central management, the request transfers 17.0 positions for fiscal, data analytics and strategic planning activities into the division and includes another 16.0 positions to correct for staffing allocation assumed in the enacted budget. The request also transfers expenses for 26.2 full-time equivalent positions the from Hospital and Rehabilitative Services program, which is the state-run Eleanor Slater Hospital system, to the Division of Developmental Disabilities to staff two group homes.

It also takes a vacant position from the hospital and rehabilitative services program to add a new legal counsel position in central management. It should be noted that funding for all legal positions for agencies under the umbrella of the Executive Office are included that budget. From that, the Department of

Behavioral Healthcare, Developmental Disabilities and Hospitals has five attorneys assigned to it. *The Governor recommends funding as requested.*

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 2019, there are 4,550 individuals receiving services through either the state-run system or through community-based providers. This includes approximately 3,800 individuals receiving direct residential/day programming and/or family supports.

The request includes \$319.7 million from all sources, \$141.9 million from general revenues for the program to support adults with developmental disabilities for FY 2021, \$25.0 million more than enacted, including \$10.2 million more from general revenues. As previously noted, the current service adjustment adds \$8.8 million from general revenues which is matched by Medicaid for a total of \$18.8 million for services provided in the community based system.

The request transfers \$2.8 million and 26.2 full-time equivalent positions from the Division of Hospital and Community Rehabilitation Services for two group homes providing services to eight individuals. The services being provided at the homes were determined to be closer to the community-based services in the state-run home system for those with developmental disabilities so the homes were changed on October 1, 2019, from licensed intermediate care facilities to group homes. Services for the individuals will remain the same.

The request 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 Service' budget. Also included in the request is funding for the Person Centered Supported Employment Performance Program and additional benefit authorizations.

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 2021 Request		FY 2021 Gov. Rec.		Gov. to Request	
		Gen. Rev.	All Funds	Gen. Rev.	All Funds	Gen. Rev.	All Funds
Privately Operated System - Residential and Day	3,835	\$ 119.2	\$ 255	\$ 119.4	\$ 252.9	\$ 0.2	\$ (1.7)
Health Home/Case Management	??	2.0	19.8	2.0	19.8	-	-
Person Centered Supported Employment Performance Program	??	3.0	6.0	3.0	6.0	-	-
Medicaid CNOM - Day Programs	5	0.04	0.1	0.04	0.1	-	-
RICLAS (state-run) - Residential	120	12.5	28.1	6.4	14.4	(6.1)	(13.7)
Case Management Only	715	<i>not separately available - included below</i>					
Other State Only Services & Administrative Expenses	-	8.1	16	5.1	9.8	8.1	16.0
Thresholds/Access to Independence Programs	n/a	-	0.5	0.3	0.4	0.3	0.4
Total	4,675	\$ 144.9	\$ 325.0	\$ 136.3	\$ 303.4	\$ 2.6	\$ 1.0

**Enrollment as of November 2019*

The Governor recommends \$303.4 million, including \$136.3 million from general revenues, which is \$16.3 million less than requested, including \$5.6 million less from general revenues. The recommendation includes \$0.4 million for the Thresholds and Access to Independence capital projects.

The recommendation privatizes the state run system and transfers expenses to the community based providers. The Governor includes \$1.0 million from all sources, including \$0.5 million from general revenues to hire a contractor to assist with the transition which will be effective October 1, 2020. The Governor’s recommended budget lowers the Division’s staffing authorization by 204.0 full-time equivalent positions. The following table shows the impact of privatizing the state-run system and transferring costs to the community providers.

RICLAS Privatization	General Revenues	All Funds
RICLAS Current Services	\$ 13,112,679	\$ 29,973,188
RICLAS funding for FY 2021	\$ 6,444,988	\$ 14,059,629
RICLAS Savings to Current Services	\$ (6,667,691)	\$ (15,913,559)
Transfer to Community Providers	4,781,489	10,351,785
Savings from Privatization	\$ (1,886,202)	\$ (5,561,774)

The Governor’s budget includes \$10.4 million for the approximately 130 individuals receiving services from the community providers. The budget assumes a \$620 daily per person cost, or \$226,000 annually, for services provided by the state system as compared to \$172,000 a year for someone with the highest level of care in the private system. The internal analysis shows about 14 percent, or 18 individuals with low or moderate needs, 56 percent with a higher level of need, 19 percent with higher level of support with medical needs and 12 percent, or 15 individuals that need a higher level of support and have behavioral needs that would meet the \$172,000 annual cost for services.

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: 1) either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the Supplement Security Income program and the Department’s criteria for its long term care supports program or 2) he or she is “medically needy”.

To be considered “medically needy,” an individual meets 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 the long term care unit at the Department of Human Services has access to and not the Department.

Monthly Caseload Report. Rhode Island General Law, Section 40.1-22-39, requires the Department to submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, budget officer 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. The Department has indicated that it cannot report on the number of individuals employed, the place of employment or the number of hours working since it does not track that information. 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.

For the collection of patient liability, the Department reports that there are approximately 900 individuals with a cost of care payment requirement with financial monthly requirements totaling \$0.4 million which the Department is not collecting. According to the Department, 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 specific information and can only report it in the aggregate. It should be noted that the information is the same each month.

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.

The 2017 Assembly also expanded the reporting requirements to capture data on services provided and any sale of state-owned property if revenue is used to offset advanced payments made to community providers.

It also requires that provider annual cost reports be submitted by the Department to the House and Senate fiscal advisors and the State Budget Officer by November 1st of each year. The information was submitted electronically in January 2020.

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 and those receiving services through Medicaid expansion. Those who are eligible for both Medicare and Medicaid, referred to as "dual eligibles", have the opportunity to enroll in Rhody Health Options, the state's integrated care initiative to provide services through a managed care plan and potentially lowering medical costs for more expensive dual eligible population. Those who opt not to enroll in managed care continue receive direct medical benefits through a fee-for-service reimbursement system.

Of the 3,800 program participants, the November caseload estimate assumes that approximately 1,400 individuals are enrolled in the Rhody Health Options totaling \$14.6 million, another 950 in Rhody Health Partners totaling \$17.3 million and the remaining 1,500 in fee-for service in the Executive Office of Health and Human Services' budget.

Department of Justice Consent Decree - Monitor. The FY 2020 enacted budget includes \$450,000 for the consent decree costs for the court monitor in the Executive Office of Health and Human Services' budget and the same amount is requested for FY 2021. The initial court monitor resigned in July 2019 and the District Court ordered an interim monitor starting December 1, 2019 because there was a failure on behalf of the Department of Justice and the state to choose a new monitor or submit to the Court three candidates for the replacement. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Coordinator. The Department includes the enacted level of \$100,000, of which \$50,000 is from general revenues, for the consent decree coordinator. This is not consistent with its revised request which eliminates the funding. The position, which supports the court monitor, became vacant in March 2019. Since that time, the senior staffer from Executive Office of Health and Human Services who has oversight of the consent decree activities has been assuming the responsibility of collecting data and submitting it to the court monitor. For FY 2021, the Executive Office's budget includes funding for the contracted position.

The constrained budget eliminates the funding which is consistent with the revised request. *The Governor's budget eliminates the funding.*

Department of Justice Consent Decree - Conversion Institute. Consistent with the enacted budget, the Department includes \$500,000 from all sources, including \$250,000 from general revenues for the Workshop Conversion Trust Fund that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. *The Governor recommends funding as requested.*

System Rate Review. The Department excludes \$500,000, of which \$250,000 is from general revenues, that was included in the enacted budget for the New England State Consortium Systems Organization to do a system-wide rate review and submit a report and recommendations on the current system. The review will be completed in FY 2020 but it should be noted that the Department did not request additional funding for direct services for FY 2021 based on any potential findings in this report. The Department repurposes these resources for other consent decree activities discussed separately. *The Governor recommends funding as requested.*

Department of Justice Consent Decree - Technical and Other Assistance. The Department requests \$300,000 from all sources, including \$150,000 from general revenues for technical and other assistance for services some of which are not identified. This includes providing staff training, technical assistance for supported employment activities and temporary support for data entry.

The Department is using the funding included in the enacted budget for the New England State Consortium Systems Organization to do a rate review for these new activities. It should be noted that the resources being reprogrammed for these new services were added by the 2018 Assembly to provide temporary technical assistance to the community-based providers to transition towards meeting the requirements of the consent decree. *The Governor recommends funding as requested.*

Privately Operated System. The Department requests \$291.7 million, including \$130.0 million from general revenues for privately provided residential, day and family support programs provided through the state's Medicaid global waiver in its current services request. This is \$19.9 million more than enacted, including \$8.8 million more from general revenues and \$11.0 million more from federal funds.

The request includes \$3.2 million more than enacted, including \$1.5 million from general revenues to annualize the October 1, 2019 wage increase for direct support professionals in the community based system. The request also includes \$3.2 million for projected caseload growth and includes another \$3.0 million for services to individuals with acute needs with the Department reporting that there are some individuals who transitioned into the adult system whose services total \$250,000. The Department adds \$3.3 million for the health home initiative. The Department also includes \$4.4 million, of which \$2.1 million is from general revenues for three new initiatives discussed separately.

For the Person Centered Supported Employment Performance Program, the revised request includes funding already appropriated for community based services while the FY 2021 request adds \$6.0 million to the enacted budget for this program, including \$3.0 million from general revenues. The remainder of the requested increase, or \$0.4 million, is for transportation services through the Rhode Island Public Transit Authority.

The FY 2021 request is \$29.4 million more than the revised request, \$52.8 million more than spent for FY 2019, \$58.4 million more than spent for FY 2018 and \$66.0 million more than spent for FY 2017. This includes \$19.8 million, primarily from federal funds, for case management/health homes initiative which is \$3.3 million more than enacted.

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 additional authorizations and the Person Centered Supported Employment Performance Program, discussed separately.

The Governor recommends \$289.0 million, including \$129.8 million from general revenues which is \$1.6 million more than requested, including \$0.8 million more from general revenues. This is \$21.5 million more than enacted including \$9.6 million more from general revenues. She does not assume the same caseload increase but as mentioned does privatize the state-run system and adds \$6.8 million to account for those expenses.

The Governor includes Section 5 of Article 14 of 202-H 7171 to increase the wages paid for direct support and other professionals providing services in the community-based system on January 1, 2021, and adds \$2.2 million from all sources, of which \$1.0 million is from general revenues. This would increase the rates paid to direct support professionals from \$13.18 to \$13.31. It should be noted that this funding does not account for the transfer of the state-run system to the community-based providers. Adjusting for that would require another \$0.1 million.

The budget also includes a proposal that reduces expenses by \$1.7 million, including \$0.8 million from general revenues, from continuing to rebalance the residential system.

Community-Based Program. The Department requests \$253.2 million including \$118.5 million from general revenues for privately provided residential, day and family support programs provided through the state’s Medicaid program in its current services request. This is \$10.5 million more than enacted, including \$4.1 million more from general revenues and \$8.2 million more from federal funds. As previously noted, the request includes \$3.2 million more than enacted, including \$1.5 million from general revenues, to annualize the October 1, 2019 wage increase for direct support professionals in the community-based system. It also includes \$3.2 million for projected caseload growth and includes another \$3.0 million for services to individuals with acute needs with the Department reporting that there are some individuals who will transition into the adult system whose services total \$250,000. The FY 2021 request is \$18.6 million more than the revised request.

The Governor recommends \$252.8 million, including \$119.4 million from general revenues, which is \$4.4 million more than requested, including \$3.1 million more from general revenues. As previously noted, the budget includes a wage increase and resources transferred from the state system to account for the proposal to have the community based system take over the services. The following table shows the changes in the Governor’s recommended budget.

Community Based Providers	General Revenues	Total
Enacted	\$ 112,967,860	\$ 239,640,380
Recommended	\$ 119,430,528	\$ 252,849,106
Change	\$ 6,462,668	\$ 13,208,726
<i>RICLAS Residents</i>	<i>4,781,489</i>	<i>10,351,785</i>
<i>Wage Increase</i>	<i>1,016,180</i>	<i>2,166,233</i>
<i>Service Rebalancing</i>	<i>(795,940)</i>	<i>(1,700,000)</i>
<i>Current Service Adjustment</i>	<i>1,460,939</i>	<i>2,390,708</i>
<i>Total</i>	<i>6,462,668</i>	<i>13,208,726</i>

Service Rebalancing. As part of its constrained request, the Department proposes reducing costs in the privately-operated program by \$1.7 million, including \$0.8 million from general revenues from reducing the availability of group home placements. The Department currently has about 30 percent of individuals in residential services and assumed it can lower that by another one percent. Based on the current caseload, this would mean another 12 individuals would be moved to another residential setting. When asked to verify this, the Department noted it is using a percentage rather than the number of individuals impacted by

this change assuming there is an increase in the caseload, but could not explain the methodology for the percentage assumed.

This request has been made in prior fiscal years and recommended by the Governor and the Assembly has concurred with the savings as recommended or lowered it based on updated information as was the case for FY 2019. The FY 2020 budget assumes savings of \$3.2 million, including \$1.5 million from general revenues which the Department assumes in its revised request achieving \$1.7 million of those savings. *The Governor recommends this proposal and the savings as requested and assumes the same one percent reduction to the residential caseload.*

Person Centered Supported Employment Performance Program. The Department includes \$6.0 million from all sources, of which \$3.0 million from general revenues for payments to the community-based providers who are participating in the Person Centered Supported Employment Performance Program as part of the state's consent decree. This includes certification payments, supplemental authorization and payments for meeting benchmarks in the consent decree. The Department anticipated having the contracts signed by the end of December 2019. The contracts have not been signed as of January 2020.

Supporting documents for this program suggest the funding available for FY 2021 could be as much as \$11.0 million through June 2020, which would include the \$5.0 million in the revised request.

The Governor recommends funding as requested and does not address the potential program costs cited by the Department in its budget submission. It should be noted that the revised recommendation includes \$5.0 million for six months assuming the contracts had been signed so it appears that \$10.0 million would be required for a full-year of funding.

Thresholds Program. The FY 2020 enacted budget includes \$0.1 million from Rhode Island Capital Plan funds for the Thresholds program residential development with additional funding provided by Rhode Island Housing to support new construction of and/or acquisition and rehabilitation of existing housing unit for adults with developmental disabilities. The Department requests \$0.3 million in its capital plan. *The Governor recommends \$0.2 million from general revenues.*

Access to Independence. The Department requests \$0.2 million from Rhode Island Capital Plan funds for the Access to Independence program which allows adults with developmental disabilities to remain in their homes and provides furniture for the residences. *The Governor recommends \$0.1 million from general revenues.*

Enhanced Support Coordination. The Department requests \$105,000, including \$49,161 from general revenues, to provide support coordination for self-directed consumers to promote person centered planning. This organizes services and supports directed towards self-determination and a goal directed future for 700 individuals who are in the self-directed program. This proposal would increase the \$350 paid each year for each plan by another \$150 for a total of \$500.

The constrained budget excludes the proposal. *The Governor does not recommend this proposal.*

Crisis Stabilization Unit. The Department requests \$322,000, including \$150,760 from general revenues, to open a crisis stabilization unit to support developmentally disabled individuals who also have behavioral health issues. The Department reports that a community based agency had approached it to partner in a two-track proposal. It would provide crisis stabilization unit services for an average length of stay from five to seven days. The second track provides services up to 30 days.

The constrained budget excludes this proposal. *The Governor does not recommend this proposal.*

Health Homes Initiative Conflict Free Case Management. The Department requests \$19.8 million from all sources, including \$2.0 million from general revenues for the health home case management program. This is \$3.3 million more than enacted including \$0.3 million more from general revenues. The enacted budget assumed a start date of October 1, 2019 but as of January 2020, the Department has not submitted the necessary paperwork to the Centers for Medicare and Medicaid Services for a state plan amendment. It now indicates a new start date of July 1, 2020.

The Department has been asked for its plan for this program but has not provided the information for an analysis of the request. *The Governor recommends funding as requested. As of February 2020, a plan has still not been submitted for federal approval.*

Other Medicaid Funded Day Services. The Department requests \$89,495 from all sources, including \$42,188 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 \$4,760 less than enacted, including \$2,530 less from general revenues. This is consistent with its revised request. *The Governor recommends funding as requested.*

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

All Other Staffing and Operations. The Department requests \$11.1 million, including \$5.7 million from general revenues for administrative costs and other services for adults with developmental disabilities. This is \$0.3 million more from all funds, including \$0.2 million more from general revenues. This includes staffing costs in the division for 54 positions, as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

The Department requests \$0.3 million, including \$0.2 million from general revenues for other contracted services, including \$0.4 million for Advocates in Action. The revised request also includes the enacted level of \$0.2 million for family subsidies and \$0.4 million for other various operating expenses. *The Governor recommends \$32,824 less than requested from all sources, including \$16,718 less from general revenues from statewide medical benefit savings.*

Rhode Island Community Living and Supports Program (RICLAS). There are 25 state-run group homes and apartments that provide overnight care, of which two are special needs facilities that have the capacity to provide residential services to 167 clients. As of October 2019, there were 121 clients in the state-run facilities. The Department has a policy that clients would be admitted into the state-run system in emergency situations only. Of that amount, approximately 60 attend day programs operated by private providers including: AccessPoint, Blackstone Valley, Bridges, Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills.

The Department's current services request includes \$30.0 million for these clients from all funds, which equates to a daily rate of \$678.66, or \$247,712 annually. The request is \$1.8 million more from all sources, adding \$1.3 million more from general revenues. This includes \$2.8 million, including \$1.3 million from general revenues, to support two group homes transferred from the Eleanor Slater hospital system to the Division. *The Governor recommends privatizing the system effective October 1, 2020 and reduces staffing by 204.0 positions.*

Current Services - State Operated Program. The Department's current services request includes \$30.0 million from all sources, which equates to a daily rate of \$678.66 in the state-operated system. This is

\$247,712 per person annually at the current census of 121 individuals. Residential settings include two special care facilities, two apartments and 21 group homes. The request is \$1.8 million more than enacted from all sources, including \$1.3 million more from general revenues, \$1.5 million more from federal funds and \$0.2 million less from restricted receipts. This includes \$2.8 million for the transfer of expenses to operate two group homes that were included in the Eleanor Slater Hospital's budget. Adjusted for that change, the request lowers expenses by \$1.0 million, including \$2,215 more from general revenues for the other 25 facilities.

Restricted receipts are collections from client resources, including the 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.

Including the two group homes, the request adds \$1.7 million for staffing costs for a total of \$26.4 million for 270.7 full-time equivalent positions. This includes \$4.1 million for overtime, which is \$0.2 million less than enacted. The remaining operating costs of \$2.3 million from all sources are used for all other expenses. Of this amount, \$1.3 million is from client resources. This includes \$0.5 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 expenses, \$0.5 million for the dental clinic and other medical services, and \$0.3 million for landscaping, plowing and various other expenses. It should be noted the transferred Zambarano group homes expenses are for the staffing only so it appears that any operating expenses were not included. *The Governor recommends the proposal to privatize the state-run system, discussed below.*

RICLAS Privatization. The Department proposes savings of \$6.7 million, including \$3.1 million from general revenues, from reducing the current 25 facilities in its group home system, including two apartments, for 130 residents to four group homes. There is a proposal to shift funding for the two Zambarano group homes to the state-run system and those homes are not included as part of this four group home proposal.

The Department was unable to provide any detailed information as to what the impact is to the community based providers if this proposal is accepted and a timeline for the transition. It should be noted that about 60 of the 130 residents receive community-based services, including day programming through the community based providers.

The Governor recommends this proposal and includes Section 7 of Article 3 of 2020-H 7117 to strike the word RICLAS from the restricted receipt account though it is unclear why such an account would be needed under this proposal. She recommends \$14.4 million, including \$6.4 million from general revenues and assumes that transfer will happen by October 1, 2020. This is \$12.5 million less than enacted, including \$4.8 million from general revenues for the state-run program. However, based on the calculation provided by the Office of Management and Budget, the recommendation appears to include \$2.8 million, of which \$1.4 million is from general revenues more than would be needed for the first three months of FY 2021. The recommendation should include \$7.5 million from all sources for first quarter expenses and another \$3.8 million for the approximately 60 statutory employees who will be retained for total funding of \$11.3 million, which is \$4.0 million more than the Governor recommends. The following table shows the assumptions in the Governor's budget and the adjustment to get to the funding for the first quarter of FY 2021 for the state-run system.

RICLAS Privatization	General Revenues	Total
RICLAS Current Services	\$ 13,112,679	\$ 29,973,188
Cost for July 1 - Sept 30 - 25% of costs	\$ 3,278,169	\$ 7,493,297
Value of cost to Retain Statutory Employees for rest of the year	1,738,909	3,764,687
RICLAS funding for FY 2021	\$ 5,017,078	\$ 11,257,984
Gross Savings	\$ (8,095,601)	\$ (18,715,204)
Transfer to Community Providers	4,781,489	10,351,785
Savings to Current Services	(3,314,112)	(8,363,419)
Governor's FY 2021 Assumed Savings	\$ (1,886,202)	\$ (5,561,774)
<i>Excess Funding</i>	\$ 1,427,910	\$ 2,801,645

Supporting documentation notes that consistent with the privatization process contained in Rhode Island General Law, Section 42-148-3, a cost comparison analysis, using the Department's established rate structure, would support that comparable services will ensure that potential savings are realized and maximized. With this assessment, the potential privatization starts with providing a six-month notice to the union representing state employees.

Following the required period of at least 60 days after notice of intent to solicit proposals, the Department would release the request for proposals and evaluate all bids between April and June and by July, the Department will award the contracts and notify all individuals, their families and/or guardians of these awards and associated transition timeframes.

Month	Process/Activity to Complete Transition
By March	Notification of Intent to solicit bids to privatize
April - June	After 60 days notification, Department will release the Request for Proposals and solicit bids
June - July	Bids will be awarded and the Department will notify the providers as well as the family and or guardians and the timeline to make the transition
July - October	Providers will refine the work plans and timeline to include transition planning, recruiting, hiring and training staff and other related planning activities

From July through October 2020, the providers involved in the transition will refine the plan and timeline to include individualized transition planning, recruiting, hiring and training staff, transferring of Department licenses, and other related planning consistent with their proposal and timelines.

RICLAS Privatization - Consultant Services. The Department's proposal to close the state-run system does not include any funding for technical assistance to facilitate that change. *The Governor recommends \$1.0 million from all sources, including \$0.5 million from general revenues, to hire a consultant to assist with the transfer to make sure it is completed on time. This is a one-time expense.*

Division of Behavioral Healthcare Services

The state provides behavioral health services including Medicaid funded mental health and substance abuse services to individuals through the Executive Office of Health and Human Services and 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 Office of Health and Human

Services to align direct medical benefits with mental health and substance abuse services for disabled individuals. The Medicaid expansion opportunity through the Affordable Care Act that the state accepted allowed the Department's behavioral healthcare clients who received a limited benefit to have full access to Medicaid through the Executive Office of Health and Human Services' budget. With the transfer of the Medicaid funds to the Office of Health and Human Services, the state now pays for the Medicaid services and provides direct care and behavioral healthcare benefits through one agency with coordination through the managed care plans.

The November caseload estimate includes \$500.0 million to provide Medicaid coverage to adults between ages 19 and 64, without dependent children, with incomes at or below 138 percent of poverty in the Executive Office of Health and Human Services. This reflects updated enrollment of approximately 73,000 enrollees. *The Governor recommends \$486.1 million for this coverage.*

State Overdose Response Grant. The Department includes \$19.1 million in its revised request and \$13.4 million for FY 2021 from the federal State Opioid Response Grant. This is \$0.1 million more than enacted and \$5.8 million less than the revised request, which includes a time limited \$6.0 million supplemental grant. For FY 2020, funding of \$16.4 million is for community support activities and \$2.7 million is for administrative expenses. For FY 2021, support for community programs is \$4.5 million less than the revised request and consistent with the enacted budget.

The state was awarded a two-year, \$25.2 million federal State Opioid Response Grant and a \$6.1 million supplemental grant. The supplement grant ends in FY 2020. The Department received federal approval of its plan that includes 26 separate activities to address the opioid crisis. This includes residential support, recovery and peer support and also involves other state agencies, including the State Police, the Departments of Health, Children, Youth and Families, Corrections and Labor and Training.

The Department includes funding for an education and awareness campaign and BH Link, discussed separately. *The Governor recommends funding as requested.*

State Opioid Response Grant - Awareness Campaign. The Department includes \$0.5 million from federal State Opioid Response funds for an education and awareness campaign through the RI Broadcasters Association; this activity was not included in the enacted budget but is also included in the revised request. *The Governor recommends funding as requested.*

Recovery Housing Support. The Department requests \$3.0 million from general revenues to sustain the Level 2 recovery housing placement expansion that took place with the availability of the time limited federal State Opioid Response funds. Those grant funds expire on September 30, 2020, and the Department's request continues to support the program using state funds. The Department expanded the number of beds by 700 using the federal grant and for FY 2021, it requests \$3.0 million from general revenues to continue the program.

The constrained budget does not include this proposal. *The Governor does not recommend the request.*

Recovery Housing Expansion. The Department requests \$200,000 from general revenues to expand its recovery housing program by either subcontracting for a recovery housing subsidy program, implementing the Oxford model of recovery housing and/or creating a revolving loan fund. The Oxford model has six or more individuals living together who could request a charter to operate a recovery house. It would be self-governed and financially self-supporting.

The constrained budget excludes the proposal. *The Governor funds the request using Opioid Stewardship funds.*

Community Alternatives/Intermediate Care Facility. The Department requests \$4.0 million, including \$1.9 million from general revenues, to open a new 24-hour community-based residential facility licensed as an intermediate care facility, for developmentally disabled individuals with a complex co-occurring condition. The plan is for nine individuals currently at Eleanor Slater Hospital, a community hospital or other inpatient facility to move into this new placement. It is assumed the annual cost for each individual is at the highest level with additional funding for intensive services or \$450,000. The Department reports that moving current patients from Eleanor Slater Hospital will not result in any savings in that budget but will help with the mix of medical patients to psychiatric patients.

It should be noted that the Department's capital plan includes \$1.1 million from Rhode Island Capital Plan funds for FY 2021 for renovations to the 14-person, vacant facility in Smithfield for this proposal. If the project is recommended, it is unclear when the renovations would be done so that individuals could be transferred to the new facility. The request for operating expenses is for a full year of funding.

The constrained budget excludes this proposal. *The Governor recommends neither this specific proposal nor the Rhode Island Capital Plan funds. The budget does include \$3.0 million from general revenues to target four areas for investments for a community alternative for behavioral health needs initiative: work force, health information technology, reimbursement rates, and Executive Office staffing. It appears that \$3.0 million in matching Medicaid funds should also be included but it is not.*

The administration has indicated that this initiative will incur out-year costs and assist in rebalancing of the system by shifting utilization towards the least restrictive settings for Medicaid members with high-acuity behavioral health needs. It is unclear why this proposal and the recommended funding were not included in the Executive Office's FY 2021 budget for the Medicaid program where the expenses would be incurred.

Supporting documentation notes that the state is seeking approval to incentivize behavioral health workforce development and retention, enhance health information technology and interoperability of electronic health records, and to enhance reimbursement rates and payment models that focus on value and quality of care. A specific plan has not been submitted.

Thresholds Program. The Department requests \$0.4 million from Rhode Island Capital Plan funds for the Thresholds program residential development with additional funding provided by Rhode Island Housing to support new construction of and/or acquisition and rehabilitation of existing housing units for adults with behavioral health issues; the FY 2020 enacted budget did not include any funding. *The Governor recommends \$0.3 million from general revenues.*

Behavioral Health Link Triage and Call Center (BH Link). The FY 2020 enacted budget includes \$0.9 million from mental health and substance abuse federal funds for Horizon Healthcare Partners to operate the program. The revised request includes \$1.3 million from State Opioid Response funds, \$0.8 million from substance abuse block grant funds and \$0.7 million from mental health block grant funds for a total of \$2.9 million. The FY 2021 request includes \$650,000 from general revenues and the Department has been asked to confirm the amount of federal funds to be awarded for FY 2021. This is a statewide resource to provide 24-hour community-based assessment and treatment for those experiencing a behavioral health care crisis. Individuals needing comprehensive behavioral health or addiction services, including screening and evaluation, crisis management, assessment, treatment coordination and discharge planning may seek care in a specialized facility.

The constrained budget excludes the general revenues. *The Governor recommends Opioid Stewardship funds in lieu of the newly requested general revenues.*

Opioid Stewardship Fund (3.0 FTE). The Department requests three new positions to support the programs that provide opioid treatment, recovery, prevention, and education services paid for through the \$5.0 million fee assessed to manufacturers and distributors of opioids registered in the state. The Department does not request any funding.

The Governor does not include the new positions but does include \$1.0 million from the Opioid Stewardship fund to support an expansion program for core housing programs, particularly where there is a demonstrated need or significant shortages, including recovery housing and vouchers for people with a history of substance use disorder and at risk of returning to use; support for inpatient residential treatment programs to address the shortage of in-state, non-hospital residential treatment programs, particularly for youth. It should be noted the Governor also recommends \$3.0 million from general revenues to address capacity issues in the community-based behavioral healthcare system.

Strategic Prevention Framework Grant - Partnership for Success. The Department requests federal funding totaling \$2.5 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 includes: preventing the onset and reducing the progression of substance abuse, including childhood and underage drinking; reducing substance abuse-related problems in communities and building prevention capacity and infrastructure at the state and community levels. The request includes \$2.1 million for community programs and \$0.4 million for evaluation activities. *The Governor recommends funding as requested.*

Promoting Integration of Primary and Behavioral Healthcare Grant. The Department requests \$1.8 million, or \$13,076 more than enacted, from the federal Promoting Integration of Primary and Behavioral Healthcare Grant. Funding is available from January 1, 2019 to December 31, 2023. The grant is intended to: promote full integration and collaboration in clinical practice between primary and behavioral healthcare; support the improvement of integrated care models for primary care and behavioral healthcare to improve the overall wellness and physical health status of adults with a serious mental illness or children with a serious emotional disturbance; and promote and offer integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases. A portion of the funding, \$1.8 million will go to Community Care Alliance and Gateway Healthcare for FY 2020 and FY 2021; each will receive \$0.9 million. *The Governor recommends funding as requested.*

Screening, Brief Intervention ,and Referral to Treatment Grant. The Department’s request includes \$1.8 million, or \$0.3 million more than enacted, for projected spending for the fourth year of five-year federal Screening, Brief Intervention and Referral to Treatment (SBIRT) grant to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. This includes \$1.4 million for community-based services and \$0.2 million for the Rhode Island Quality Institute 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 to screen 3,000 people in high risk settings each year. *The Governor recommends funding as requested.*

Mental Health Block Grant. The Department requests \$2.5 million from the federal mental health block grant to support services provided by the community mental health centers. This is \$0.8 million more than enacted to support services provided by the community mental health centers. This includes peer support, court diversion and family support services. For the revised budget, the Department is using \$815,000 from the block grant to support BH Link, discussed separately. *The Governor recommends funding as requested.*

Substance Abuse Treatment Block Grant. The Department requests \$7.1 million from federal funds for the substance abuse treatment block grant, which is \$0.1 million more than enacted. Funding is awarded to community agencies to support municipal substance abuse activities for student assistance programs, peer support, residential, outpatient and detoxification programs. For FY 2020, \$750,000 was used to support BH Link. *The Governor recommends funding as requested.*

The Governor proposes Sections 2 through 6 of Article 15 to require the Department to identify criteria to distribute funding for prevention and treatment programs and issue new annual reporting requirements for each municipality that receives the federal funding.

Social Services Block Grant - Mental Health Treatment Services. The Department requests the enacted level of \$1.1 million from federal social services block grant funds to support mental health services. This includes \$0.9 million for clinical services previously supported by the Medicaid funded limited benefit for certain behavioral healthcare services primarily through the community mental health centers. This is \$0.4 million more than FY 2019 actual expenses and is consistent with the revised request. *The Governor recommends funding as requested.*

Transformation Transfer Initiative. The request includes \$150,000 for the Department to create a central bed registry for residential facilities. The anticipated system will provide to support matching client needs to the most suitable service provider and provide data to simplify the process and make it easier for individuals to access services. *The Governor recommends funding as requested.*

Junior High/Middle School Prevention Programs. The Department's request includes the enacted level of \$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 adds \$0.4 million from general revenues, including \$0.2 million identified as being from fees currently assessed and deposited as general revenues for prevention programs and makes several changes to current law.*

The Governor includes Section 9 of Article 6 to impose a new \$250 substance abuse education fee, effective January 1, 2021, for anyone convicted of driving under the influence or refusing to take a breathalyzer. The recommended budget includes \$220,016 from general revenues from the collections to be provided to the Department for substance abuse prevention and student assistance programs.

The Governor includes Section 5 of Article 3 to replace the Department of Health with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as the recipient of 10 percent of forfeiture funds collected through the Uniformed Controlled Substances Act. She also adds substance abuse prevention programs as an allowable use for disbursing funds; currently, it is just treatment programs.

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

Healthy Transitions Grant. The Department requests \$0.7 million less from federal funding to reflect the expiration of the healthy transitions grant. Funding was awarded to the Community Care Alliance and Thrive Behavioral Health for services not covered by Medicaid. *The Governor recommends funding as requested.*

Centers of Excellence - Medication Assisted Treatment Grant. The Department requests \$35,000 from federal Medication Assisted Treatment funds to evaluate the activities supported by the grant, which had expired. This is \$0.3 million less than enacted. Funding supports the state's Centers of Excellence: Journey to Health, Hope and Healing, Community Care Alliance, Lifespan and CODAC. *The Governor recommends funding as requested.*

Adult Use Marijuana (2.0 FTE). The Governor's FY 2020 budget included legislation to authorize and regulate an age 21 and older adult use marijuana program but the 2019 Assembly did not concur. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine adopted an adult use program in September 2019. Vermont permits adult use of marijuana, but does not permit retail sales. Bills have also been previously introduced in Connecticut and New Hampshire. *The Governor's budget includes Article 13 of 2020-H 7171 to establish the authorization and regulation of an age 21 and older adult use marijuana program. The Governor's budget includes \$21.8 million in new revenues and an anticipated start date of March 2021. The regulation of all programs would be centralized within the Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health and public safety agencies. Her recommendation includes \$4.9 million from a new State Control Adult Use Marijuana restricted receipt account for these agencies. Of that, \$0.5 million from restricted receipts for the Department is for two new administrator positions and funding for prevention, treatment, and workforce development programming*

Staffing Reorganization. As part of the Department's staffing reorganization, it shifts 20 full-time equivalent positions to the administrative programs. The request reduces salaries and benefits by \$0.8 million; however, it appears that when the positions, which include fiscal, data analytics and strategic planning, were transferred, the federal funding was not also shifted, so the positions are supported by general revenues. *The Governor recommends funding as requested.*

Staffing and Other Operating Expenses. The Department requests \$2.1 million from all sources, including \$0.4 million from general revenues for all other operations. This is \$77,386 more than enacted including \$47,224 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. This includes \$0.1 million more for staffing, including \$0.1 million from general revenues for the remaining 42.0 full-time equivalent positions.

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

The request includes \$0.2 million for recovery housing support, \$0.1 million from general revenues for SYNAR activities and funding to RI Housing to administer the Thresholds program. *The Governor recommends \$9,948 less than requested from all sources, including \$6,257 more from general revenues, for all other expenses, including statewide medical benefit savings.*

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. Excluding the transfer of expenses for the Zambarano group homes, previously discussed, centralized services and a funded position repurposed for a new legal counsel position in central

management, the Department requests \$116.4 million, including \$51.9 million from general revenues, \$59.6 million from federal funds and \$5.0 million from third party billing. The request is \$7.6 million more than enacted including \$3.8 million more from general revenues for hospital operating expenses at both the Cranston campus and Zambarano unit in Burrillville. This also excludes Rhode Island Capital Plan funds, discussed separately.

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

The request includes \$4.8 million more for salaries and benefits but the Department has not provided any detailed information for the increase. The request also includes \$1.4 million more for contracted medical services. It appears that after the budget passed, the hospital hired several medical professionals, including three nurse practitioners, with another planned hire for January 2020, and two psychiatrists. *The Governor recommends \$0.7 million less than requested, including \$0.5 million less from general revenues primarily from a reduction in overtime expenses from enforcing sick leave use policies aimed at reducing fraudulent discharge and abuse of sick time and statewide medical benefits.*

Hospital Reorganization Project. The Department of Administration coordinates with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to reorganize the hospital footprint. Consistent with the \$49.9 million approved plan, the request includes \$27.9 million from Rhode Island Capital Plan funds and \$22.0 million from approved Certificates of Participation to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The plan calls for renovations to Regan and Benton buildings; forensic psychiatric patients will move from Pinel and Adolph Meyer buildings into the Benton building. General and geriatric psychiatric patients will be consolidated into the Regan building. The Beazley building on the Zambarano Campus will be renovated to address safety and security, as well as improvements to the laboratory. Through the reorganization, the Adolph Meyer and Pinel buildings will close. The Department proposed to demolish these buildings as part of the Pastore Center Demolition project. *The Governor includes Article 4 to authorize an additional \$12.0 million in borrowing for renovations to the Regan building to increase that project total from \$42.0 million to \$54.0 million. This represents a roughly 30 percent increase in the original estimate, based on formal projections developed in the summer of 2019. The annualized debt service payment for the proposed new borrowing is \$1.0 million supported from general revenues, assuming an interest rate of 2.75 percent for 15 years.*

Hospital Licensing Fee. The 2019 Assembly passed legislation to establish a 5.0 percent hospital license fee based on 2018 revenues which includes a \$5.7 million payment for the state hospital including \$2.6 million from general revenues. The Department requests the enacted level of \$6.8 million including \$3.2 million from general revenues, which is \$1.1 million more than needed to make the payment which includes \$0.6 million from general revenues. *The Governor includes Article 17 of 2020-H 7171 to increase the fee to 6.0 percent and includes a \$6.8 million payment, which is consistent with the Department's request.*

Hospital and Community System Support

Staffing Reorganization. As part of the Department's staffing reorganization, it shifts 36.0 full-time equivalent positions to the hospital and community support program. The request adds \$1.0 million from general revenues for the fiscal, data analytics and strategic planning positions. It appears that when the

positions that were partially paid for using federal funds were transferred, the federal funding was not and general revenues are requested instead. *The Governor recommends funding as requested.*

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

Other Salaries and Benefits. The Department requests \$1.9 million from all sources, primarily from general revenues, for salary and benefits to support the remaining 19.0 positions in the hospital and community support program. This is \$0.2 million more than enacted, including \$0.1 million less from general revenues for updated benefit changes. *The Governor recommends \$12,059 less than requested, including \$11,128 less from general revenues, for statewide medical benefit savings.*

Other Operating Expenses. The Department requests \$42,024 for all other operating expenses primarily from general revenues for operations in the home and community system support program. This is \$433 less than enacted from all sources, including \$12,485 less from general revenues. This includes \$18,000, or \$1,700 more than enacted for new computers. *The Governor recommends funding as requested.*

Central Management

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

Legal Counsel. The Department repurposes one full-time equivalent position from the Hospital and Community Rehabilitative Program and transfers \$136,367 from general revenues to create a new legal counsel position in central management. For the four health and human service agencies, state statute mandates that legal services are centralized in the Executive Office of Health and Human Services. This includes the full-time equivalent position and associated costs. For the Department, there is a chief administrator, three attorneys and one legal assistant assigned to it. The Department reports that the chief administrator is retiring and making this new position available would allow it to fill a vacancy quickly. It also anticipates that the Governor would recommend transferring the position to the Executive Office effectively increasing that staffing authorization without the agency having to make a request to do so. *The Governor recommends the request and transfers the position to the Executive Office.*

Other Salaries and Benefits. The Department requests \$4.1 million from all sources, including \$2.7 million from general revenues and \$1.3 million from Medicaid for staffing costs in central management including cost-of-living adjustments and other benefit changes. This is \$0.1 million more than enacted for the remaining 16.0 positions. *The Governor recommends \$0.2 million less than requested, of which \$0.1 million is from general revenues and includes statewide medical benefit savings*

Other Operating Expenses. The Department requests \$119,111 for all other central management expenses. This is \$21,859 from federal funds and \$60,090 from general revenues and is \$21,859 less than enacted including \$55,893 less from general revenues. This includes \$15,000 less from general revenues for temporary record storage until renovations could be completed on the administrative buildings and a shift of expenses to Medicaid funds. *The Governor recommends funding as requested.*

Office of the Child Advocate

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,111,310	\$1,026,729	\$ 1,445,030	\$ 1,113,196
Contracted Services	-	-	4,000	4,000
Subtotal	\$ 1,111,310	\$ 1,026,729	\$ 1,449,030	\$ 1,117,196
Other State Operations	102,962	102,962.00	117,610	111,055.00
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,785	17,785	17,785	17,785
Capital	2,000	2,000	9,000	2,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,234,057	\$ 1,149,476	\$ 1,593,425	\$ 1,248,036
Sources of Funds				
General Revenue	\$ 986,701	\$ 970,275	\$ 1,408,068	\$ 1,063,237
Federal Aid	247,356	179,201	185,357	184,799
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 1,234,057	\$ 1,149,476	\$ 1,593,425	\$ 1,248,036
FTE Authorization	10.0	10.0	12.0	10.0
FTE Average				

Summary. The Office of the Child Advocate requests \$1.6 million from all sources, including \$1.4 million from general revenues and \$0.2 million from federal funds. Requested general revenues are \$0.4 million more than enacted. The request includes 12.0 full-time equivalent positions, 2.0 more than enacted.

The Governor recommends \$1.2 million from all sources, which is \$13,979 more than enacted, including \$76,536 more from general revenues. The recommendation is \$0.3 million less than requested mostly from general revenues. The Governor recommends the enacted level of 10.0 full-time equivalent positions.

Target Issues. The Budget Office provided the Office with a general revenue target of \$951,039. The amount includes current service adjustments of \$11,194 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$46,856.

FY 2021 Budget	Budget Office	Child Advocate	Difference
FY 2020 Enacted	\$ 986,701	\$ 986,701	\$ -
Current Service Adjustments	11,194	20,228	9,034
New Initiatives	-	401,139	401,139
Change to FY 2020 Enacted	\$ 11,194	\$ 421,367	\$ 410,173
FY 2021 Current Service / Unconstrained Request	\$ 997,895	\$ 1,408,068	\$ 410,173
Target Reduction/Initiatives	(46,856)	(393,958)	(347,102)
FY 2021 Constrained Target/Request	\$ 951,039	\$ 1,014,110	\$ 63,071
<i>Change to FY 2020 Enacted</i>	<i>\$(35,662)</i>	<i>\$ 27,409</i>	<i>\$ 63,071</i>

The constrained budget submitted by the agency is \$63,071 above the target. The proposals to achieve the reduction are noted below where appropriate. *The Governor's recommendation is \$0.1 million more than the target.*

Staff Attorney II (1.0 FTE). The Office requests \$132,863 from general revenues and authorization for 1.0 new full-time equivalent position for a Staff Attorney position to assist with legal matters conducted on behalf of children in the care or custody of the state. The request includes \$120,939 for salary and benefits assuming a full year and \$11,924 for operating costs associated with the new position. This individual would assist with legal research and writing, comprehensive reviews of child fatalities, legal issues relating to education of children in state care, and drafting legislation and testimony.

The Office excludes this position from its constrained request. *The Governor does not recommend this position.*

Senior Planning and Program Development Specialist (1.0 FTE). The Office requests \$101,220 from general revenues and authorization for 1.0 new full-time equivalent position for a Senior Planning and Program Development Specialist to monitor and evaluate the Department of Children, Youth and Families licensed facilities to ensure compliance with licensing regulations and author corresponding reports and recommendations. The request includes \$93,496 for salary and benefits assuming a full year and \$7,724 for other costs associated with the new position. Other responsibilities of this position would include ensuring Department of Children, Youth and Families compliance with its policies and procedures, reviewing child protective service call logs and reports daily, meeting with foster children and reviewing individual foster homes to ensure compliance with relevant policies and procedures, and collect and report statistics on child welfare within the state.

The Office excludes this position from its constrained request. *The Governor does not recommend this position.*

Position Upgrades. The Office requests \$113,019 from general revenues to upgrade all ten of its current positions and the requested Senior Planning and Program Development Specialist into higher pay grades effective July 1, 2020. This represents an approximately 15 percent increase to total staffing costs, although the distribution by position varies widely. Over 60 percent of the increase would be used to upgrade two positions; the Child Advocate and the Staff Attorney IV which, respectively, account for \$48,249 and \$21,657 of requested funding. The Office notes that the requested upgrades would make its pay grades comparable to other human service agencies personnel with similar roles. The Office has 2.0 authorized positions which are supported by federal funds, so it appears that those should be used to offset a portion of these costs. A public hearing would be required to effectuate the upgrades.

The Office excludes these upgrades from its constrained request. *The Governor does not recommend funding.*

Other Salaries and Benefits. The Office requests \$0.9 million from general revenues and \$0.2 million from federal funds to fully fund its 10.0 authorized full-time equivalent positions at the currently authorized pay grades. This is \$6,266 more than enacted, including \$68,265 more from general revenues and \$61,999 less from federal funds. The request reflects the proper distribution of general revenues and federal funds between positions, as the portion of salaries and benefits attributable to federal funds is overstated in the enacted budget. This adjustment is consistent with the revised request.

The Office includes general revenue savings of \$46,856 from employees working without pay as part of its constrained request. If the Office was fully staffed, this would equate to approximately 1.5 pay periods. This is also equivalent to keeping a position vacant for about half the year. *The Governor recommends \$4,380 less than requested, including \$3,822 from general revenues, for statewide medical benefit savings.*

Centralized Services. Consistent with the FY 2020 enacted budget, the request includes \$44,690 for facilities management and \$16,090 for information technology services from general revenues. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. In FY 2019, the Office spent \$58,555 on these services. *The Governor recommends \$6,093 more than requested based on Budget Office estimates.*

Other Expenses. The Office requests \$44,618 for all other expenses, including \$26,803 from general revenues which is \$6,000 more than enacted. The requested difference reflects FY 2019 spending on miscellaneous legal costs, such as stenographic services, constable servers, and court transcripts. The Office experienced an increased involvement in Family Court cases in FY 2019 and expects this trend to continue in FY 2020 and FY 2021. The remaining funds consist of costs such as attending staff conferences, computer supplies, and other office expenses which remain consistent with the enacted budget. Federal funds through the federal Victims of Crime Act also remain consistent with the enacted amount. *The Governor recommends funding as requested.*

Commission on the Deaf and Hard of Hearing

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 473,048	\$ 435,515	\$ 438,023	\$ 485,663
Contracted Services	99,608	121,606	-	30,000
Subtotal	\$ 572,656	\$ 557,121	\$ 438,023	\$ 515,663
Other State Operations	57,682	66,205	57,682	51,607
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	33,000	33,000	33,000	33,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 663,338	\$ 656,326	\$ 528,705	\$ 600,270
Sources of Funds				
General Revenue	\$ 533,338	\$ 524,519	\$ 480,368	\$ 537,816
Federal Aid	-	-	-	-
Restricted Receipts	130,000	131,807	48,337	62,454
Other	-	-	-	-
Total	\$ 663,338	\$ 656,326	\$ 528,705	\$ 600,270
FTE Authorization	4.0	4.0	4.0	4.0

Summary. The Commission on the Deaf and Hard of Hearing requests expenditures of \$528,705 from all sources, including \$480,368 from general revenues and the authorized level of 4.0 full-time equivalent positions. The request is \$134,633 less than enacted, including \$52,970 less from general revenues and \$81,663 less from restricted receipts. The request appears to be understated by \$155,512 essentially from unintended adjustments to expenditures for interpreter and other services that the Commission usually obtains. It also understates salaries and benefits; all authorized positions are currently filled. *The Governor recommends \$0.6 million from all sources, \$0.1 million less than enacted, including \$4,478 more from general revenues. The recommendation does not correct all errors in the request.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$513,812. This includes current service adjustments of \$6,079 and a 5.0 percent target reduction, adjusted for certain exclusions.

FY 2021 Budget	Budget Office	Deaf and Hard of Hearing	Difference
FY 2020 Enacted	\$ 533,338	\$ 533,338	\$ -
Current Service Adjustments	6,079	6,079	-
New Initiatives	-	(59,049)	(59,049)
Change to FY 2020 Enacted	\$ 6,079	\$ (52,970)	\$ (59,049)
FY 2021 Current Service/ Unconstrained Request	\$ 539,417	\$ 480,368	\$ (59,049)
Target Reduction/Initiatives	(25,605)	(25,605)	-
FY 2021 Constrained Target/Request	\$ 513,812	\$ 454,763	\$ (59,049)
<i>Change to FY 2020 Enacted</i>	<i>\$ (19,526)</i>	<i>\$ (78,575)</i>	<i>\$ (59,049)</i>

The constrained budget submitted by the agency is \$59,049 less than the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$24,004 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 \$27,311 from general revenues for the Commission's share of centralized information technology services. The request is consistent with the revised request; however, it is \$3,218 more than FY 2019 expenses. *The Governor recommends \$21,236, or \$6,075 less than enacted based on Budget Office estimates.*

Salaries and Benefits. The Commission requests \$438,023 from all sources for salaries and benefits for its authorized 4.0 full-time equivalent positions; this is \$35,025 less than enacted. The executive director's position, which was vacant for the first quarter of FY 2020 has been filled. Based on all filled positions, it appears that the request is understated by \$55,904. The enacted budget assumes partial funding of \$11,663 for the director of operations position from restricted receipts. Consistent with the revised request, the request assumes that the position would be entirely funded from general revenues, which the Commission subsequently indicated was in error. *The Governor recommends \$47,640 more than requested from all sources to properly fund all positions. The recommendation also includes statewide benefit savings.*

Computer Aided Real Time Translation and Interpreter Services. The request inadvertently excludes the enacted amount of \$67,608 from general revenues and restricted receipts for Computer Aided Real Time Translation and Interpreter Services. The Commission obtains interpreter services in order to provide full communication accessibility to both the Commission staff and the public. Expenditures through the first quarter of FY 2020 were \$9,059; all but \$180 is from general revenues. Expenditures were \$48,181 in FY 2019 and \$45,811 in FY 2018. It appears that the Commission generally spends less than appropriated amounts.

The Commission's constrained request proposes savings of \$25,605 by further reducing contracted interpreter services and translation services. This amount of savings exceed the amount included in the enacted budget. *The recommendation does not include any funding for interpreter services; funding appears to have been excluded in error.*

Community Project Coordinator. The request inadvertently excludes the enacted amount of \$30,000 from restricted receipts for a contracted part-time community project coordinator, who is currently assisting the director of operations in installing communication assistive devices within state-owned walk-in facilities. This contracted coordinator will also perform research, visit all walk-in service locations, consult with information technology departments and identify the most appropriate equipment that will fulfill the project's needs. Expenditures through early November total \$17,650. *The Governor recommends \$30,000 from general revenues; it is unclear if the intent was to include restricted receipt funding, consistent with the enacted budget.*

Other Expenses. The Commission requests \$63,371 from all sources for all other expenses. This includes the enacted amount of \$15,034 from general revenues and \$2,000 less from restricted receipts. Current law requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system for services obtained that are substantially similar to, and in lieu of, services provided by regular employees. The enacted budget includes \$2,000 for the Commission's share of this expense; however, the request appears to have removed this expenditure in error. Expenses were \$2,498 in FY 2019 and \$2,206 in FY 2018. *The Governor concurs with the request; this does not assume expenditures for the assessment.*

Governor's Commission on Disabilities

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 436,563	\$ 421,981	\$ 431,624	\$ 431,140
Contracted Services	131,299	134,235	151,229	151,229
Subtotal	\$ 567,862	\$ 556,216	\$ 582,853	\$ 582,369
Other State Operations	72,188	58,855	76,496	79,863
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	918,609	921,726	950,563	950,563
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	6,000	6,000
Total	\$ 1,558,659	\$ 1,536,797	\$ 1,615,912	\$ 1,618,795
Sources of Funds				
General Revenue	\$ 1,055,069	\$ 1,080,665	\$ 1,104,747	\$ 1,107,632
Federal Aid	458,689	389,455	400,000	400,000
Restricted Receipts	44,901	66,677	111,165	111,163
Other	-	-	-	-
Total	\$ 1,558,659	\$ 1,536,797	\$ 1,615,912	\$ 1,618,795
FTE Authorization	4.0	4.0	4.0	4.0

Summary. The Governor's Commission on Disabilities requests FY 2021 expenditures of \$1.6 million from all sources and the authorized level of 4.0 full-time equivalent positions. This is \$57,253 more than enacted, including increases of \$49,678 from general revenues and \$66,264 from restricted receipts, and a reduction of \$58,689 from federal funds. *The Governor recommends \$2,883 more from all sources than requested, including \$2,885 more from general revenues, of which \$484 less is from statewide medical savings.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.0 million.

FY 2021 Budget	Budget Office	Commission on Disabilities	Difference
FY 2020 Enacted	\$ 1,055,069	\$ 1,055,069	\$ -
Current Service Adjustments	4,678	4,678	-
New Initiatives	-	45,000	45,000
Change to FY 2020 Enacted	\$ 4,678	\$ 49,678	\$ 45,000
FY 2021 Current Service/Unconstrained Request	\$ 1,059,747	\$ 1,104,747	\$ 45,000
Target Reduction/Initiatives	(26,752)	(71,752)	(45,000)
FY 2021 Constrained Target/Request	\$ 1,032,995	\$ 1,032,995	\$ -
<i>Change to FY 2020 Enacted</i>	<i>\$ (22,074)</i>	<i>\$ (22,074)</i>	<i>\$ -</i>

The amount includes current service adjustments of \$4,678 and a 5.0 percent target reduction of \$26,752, adjusted for certain exclusions. The Commission's constrained request meets the target level. The

proposals to achieve the reductions are noted among the items described below where appropriate. *The recommendation is \$74,637 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 request is consistent with the FY 2020 revised request; however, it is \$1,544 less than FY 2019 expenses. *The Governor recommends \$3,367 more than requested based on Budget Office estimates. This includes increases of \$336 for human resources and \$3,031 for information technology.*

ADA Signing 30th Anniversary. July 30, 2020 will mark the 30th anniversary of signing of the Americans with Disabilities Act. The Commission requests a total of \$95,680 from all sources over two years, including \$90,000 for FY 2021 to coordinate celebration activities. The request assumes use of \$45,000 from general revenues and a like amount from restricted receipts generated from donations and grants. The request includes \$38,300 for workshop events and public forums; the Commission is the prime coordinator for an annual series of public forums throughout the state to hear from individuals with disabilities about their concerns and interests. The request includes \$29,440 to fund eight fellows to coordinate activities, \$14,022 for interpreter and translation services and \$8,238 for program supplies.

The constrained request excludes this funding. *The Governor recommends the requested funding.*

School Construction Design Reviews. The Commission requests \$41,310 from all sources for reviewing school construction design plans to ensure compliance with Americans with Disabilities Act requirements. This is \$13,681 less than enacted, including \$34,428 less from general revenues and \$20,747 from restricted receipts based on anticipated applications from school districts. The requested amount would fund 300 hours of school construction design review, or 100 projects. The enacted budget includes funding for 135 projects; however, the Commission's revised request reduces that approximately by half.

The constrained request further reduces the request to \$14,985. *The Governor recommends the \$41,310 as requested.*

Livable Home Modification Grant Program. The request includes \$500,000 from general revenues or \$603 more 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 FY 2019 enacted budget assumed all of the \$500,000 appropriated would be awarded to provide direct funding for home accessibility enhancement. However, the Commission's FY 2020 request shifted \$61,925 of the funding to program administration. Though the Commission's staff is almost entirely general revenue funded, it allocated \$25,270 of this source for staff time and \$36,655 for program expenses, including clerical services, printing and advertising. The FY 2021 request shifts \$22,505 to grants from program expenses, to align expenses closer to the original intent of providing the funding for direct assistance. *The Governor recommends funding essentially as requested.*

Other Salaries and Benefits. The Commission requests \$419,306 from general revenues and restricted receipts to fund salary and benefit expenses for the remaining 3.9 full-time equivalent positions. The request is \$7,703 more than enacted to reflect benefit rates consistent with FY 2021 planning values and is \$3,423 more than the current service estimate provided by the Budget Office, reflective of staff time allocated to the Livable Home Modification Grant Program.

The Commission's constrained budget includes a savings of \$20,272 from general revenues including \$17,080 for staff costs to be achieved by reducing staff hours by 1.5 per week. 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 four constrained budgets; however, neither the Governor nor the Assembly concurred. The savings also equates to approximately 16 percent of a full-time equivalent position or by maintaining a position vacant for four pay periods; however, as of the last pay period in October, all of Commission's positions are filled. *The Governor concurs with the unconstrained request and includes \$486 less from all sources from statewide medical savings.*

Statewide Independent Living Program. Excluding salaries and benefits, the request includes \$438,295 for the Statewide Independent Living Program, including \$38,295 from general revenues and \$400,000 from federal funds. This is \$40,212 less than enacted, including \$50,664 less for habilitative services and increases for travel and clerical services. Expenditures in the last three fiscal years average \$255,890; though the request is less than the enacted budget, it is still \$154,605 above FY 2019 expenses.

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 adopted plan covers federal FY 2017 through FY 2019; in June 2019, it was extended through federal fiscal year 2020. The plan further outlines scope of services to be provided by the Centers for Independent Living, as well as the goals for expanding independent living. *The Governor recommends funding as requested.*

Fellowships. The Commission requests \$25,760 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 indicated 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 take place in Providence. As of the 2019 fall semester, the Commission has three. The enacted budget includes \$22,080 to fund six fellowships; \$13,746 was spent in FY 2019. *The Governor recommends funding as requested.*

Other Expenses. The Commission requests \$75,926 from all sources for all other operating costs. This is \$9,160 more than enacted, including \$12,278 more from general revenues and \$3,118 less from restricted receipts. The request includes \$8,955 more for clerical services for posting of meeting notices, taking minutes at meetings, and fiscal support for management of federal grants that the Commission receives. The enacted budget includes \$23,578 for these expenses and expenditures were \$17,627 in FY 2019 and \$17,680 in FY 2018.

The Commission's constrained request proposes savings of \$20,272 from general revenues, including \$3,190 for operating expenses primarily from reducing contracted temporary employees by 4.0 percent, reflective of the Commission's constrained proposal to close its office at 3:00 p.m. on Fridays. *The Governor recommends \$75,926 as requested.*

Office of the Mental Health Advocate

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 536,313	\$ 553,906	\$ 663,795	\$ 563,631
Contracted Services	2,200	2,200	2,200	2,200
Subtotal	\$ 538,513	\$ 556,106	\$ 665,995	\$ 565,831
Other State Operations	62,898	62,264	64,850	64,151
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,000	1,000.00	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 602,411	\$ 619,370	\$ 731,845	\$ 630,982
Sources of Funds				
General Revenue	\$ 602,411	\$ 619,370	\$ 731,845	\$ 630,982
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 602,411	\$ 619,370	\$ 731,845	\$ 630,982
FTE Authorization	4.0	4.00	5.0	4.00

Summary. The Office of the Mental Health Advocate requests \$731,845 from general revenues, \$129,434 more than enacted to support its operations and 5.0 positions, one above the current authorized level. *The Governor recommends \$28,571 more than enacted from general revenues and no new positions.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$580,615. The amount includes current service adjustments that increase expenses by \$6,411 and a 5.0 percent target reduction of \$25,435, adjusted for certain exclusions.

	Mental Health		
FY 2021 Budget	Budget Office	Advocate	Difference
FY 2020 Enacted	\$ 602,411	\$ 602,411	\$ -
Current Service Adjustments	6,411	31,846	25,435
New Initiatives	-	97,588	97,588
Change to FY 2020 Enacted	\$ 6,411	\$ 129,434	\$ 123,023
FY 2021 Current Service/Unconstrained Request	\$ 608,822	\$ 731,845	\$ 123,023
Target Reduction/Initiatives	(28,207)	(125,795)	(97,588)
FY 2021 Constrained Target/Request	\$ 580,615	\$ 606,050	\$ 25,435
<i>Change to FY 2020 Enacted</i>	<i>\$ (21,796)</i>	<i>\$ 3,639</i>	<i>\$ 25,435</i>

The constrained budget submitted by the agency is \$31,767 below the target. The proposals to achieve the reduction are noted below where appropriate. *The Governor's budget is \$50,367 above the target.*

Social Worker (1.0 FTE). The Office requests \$97,588 to add a social worker to 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. Currently, this work is performed by staff attorneys on an as needed basis and does not necessarily comply with the Mental Health Advocate responsibility to do periodic reviews.

The Office excludes this position in its constrained request. *The Governor does not recommend the position.*

Other Salaries and Benefits. The Office requests \$555,164, which is \$29,894 more than enacted, to fully fund for its 4.0 authorized positions.

The Office applies a five percent reduction to salaries and benefits for savings of \$28,207 to meet its constrained target. It is unclear how this would be achieved as all positions are currently filled. *The Governor recommends \$2,576 less than requested to reflect statewide medical benefit savings.*

Centralized Services. The Office requests the enacted level of \$52,101 for centralized information technology and facilities management services. Instructions from the Office of Management and Budget are for agencies to request the services consistent with the enacted budget and the Mental Health Advocate's FY 2021 request reflects that. In FY 2019, the Office spent \$55,455. *The Governor recommends \$699 less than requested based on Budget Office estimates.*

Other Operations. The Office requests \$15,949 for other operations, which is \$1,952 more than enacted for all other operating expenses. The request also includes the enacted level of \$1,500 for psychiatric evaluations. The Office's request adds \$500 for other office expenses and does not include the savings from the statewide initiatives. *The Governor recommends funding as requested.*

Department of Elementary and Secondary Education

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
State Aid	\$ 980,709,572	\$ 984,098,501	\$ 1,032,428,591	\$ 1,023,048,422
School Housing Aid	80,000,000	80,000,000	80,000,000	80,000,000
Teachers' Retirement	112,337,502	112,337,502	119,533,102	118,375,402
RI School for the Deaf	8,153,273	7,804,507	8,789,954	7,607,879
Central Falls School District	41,476,650	41,976,650	43,839,993	43,058,012
Davies Career & Technical School	19,345,205	20,191,310	20,552,833	20,886,238
Met. Career & Tech. School	9,592,007	9,592,007	10,248,257	9,592,007
Administration	239,467,999	250,052,616	248,386,986	252,893,675
Total	\$ 1,491,082,208	\$ 1,506,053,093	\$ 1,563,779,716	\$ 1,555,461,635
Expenditures by Category				
Salaries and Benefits	\$ 43,034,176	\$ 42,558,993	\$ 46,567,732	\$ 44,541,858
Contracted Services	45,975,728	50,378,309	53,469,762	51,692,876
Subtotal	\$ 89,009,904	\$ 92,937,302	\$ 100,037,494	\$ 96,234,734
Other State Operations	8,221,854	8,071,440	7,545,629	7,833,066
Aid to Local Units of Government	1,353,968,798	1,361,324,998	1,413,329,840	1,404,950,533
Assistance, Grants, and Benefits	38,442,867	41,231,795	39,808,698	43,755,897
Capital	738,785	1,387,558	1,958,055	1,587,405
Capital Debt Service	-	-	-	-
Operating Transfers	700,000	1,100,000	1,100,000	1,100,000
Total	\$ 1,491,082,208	\$ 1,506,053,093	\$ 1,563,779,716	\$ 1,555,461,635
Sources of Funds				
General Revenue	\$ 1,239,252,258	\$ 1,238,976,176	\$ 1,299,907,040	\$ 1,283,925,871
Federal Aid	213,293,458	224,414,365	219,490,643	225,341,900
Restricted Receipts	37,427,492	40,978,695	42,201,783	44,184,864
Other	1,109,000	1,683,857	2,180,250	2,009,000
Total	\$ 1,491,082,208	\$ 1,506,053,093	\$ 1,563,779,716	\$ 1,555,461,635
FTE Authorization				
Administration	139.1	139.1	156.1	148.1
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	61.0	61.0
Total Authorized Positions	325.1	325.1	343.1	335.1

Summary. The Council on Elementary and Secondary Education requests \$1,563.8 million from all sources of funds, including \$1,300.0 million from general revenues. The request is \$72.7 million more than enacted from all sources, including \$60.7 million more from general revenues. The staffing request includes 343.1 full-time equivalent positions, 18.0 more positions than enacted. The Department also submitted a constrained request that totals \$1,278.4 million from general revenues, which is \$21.5 million less than the unconstrained request. As of the pay period ending November 23, 2019, the Department has 23.8 positions vacant. *The Governor recommends \$1,555.5 million from all sources, which is \$64.4 million more than enacted. The recommendation includes \$1,283.9 million from general revenues, \$44.7 million*

more than enacted and \$16.0 million less than requested. The Governor recommends 335.1 full-time equivalent positions, 9.0 more than enacted. As of the pay period ending January 18, the Department has 22.8 positions vacant.

The recommendation includes the tenth year of the funding formula and adds \$2.5 million for English language categorical funding. The Governor includes legislation to rename this category as aid for “multilingual learners” and identifies specific uses of funds, including opening new bilingual classrooms and training educators, as well as expand school resource officer aid to include new school mental health professionals. Similar to the prior year, she includes a universal prekindergarten initiative and adds \$4.8 million to expand the number of classrooms, of which \$3.3 million is included in funding formula aid from a proposal to include prekindergarten students in district-run classrooms in the formula. 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 2021 budget assumes level-funding for nearly all categories of aid.

Target Issues. The Budget Office provided the Department with a general revenue target of \$1,284.4 million. The amount includes current service adjustments of \$46.2 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$1.1 million.

The constrained budget submitted by the agency is \$6.0 million less than the target, which largely reflects lower growth in funding formula aid than anticipated by the Budget Office. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor’s budget is \$0.5 million less than the target.*

FY 2021 Budget	Budget Office	Elementary and Secondary Ed.	Difference
FY 2020 Enacted	\$ 1,239,252,258	\$ 1,239,252,258	\$ -
Current Service Adjustments	46,193,508	40,285,471	(5,908,037)
New Initiatives	-	20,369,311	20,369,311
Change to FY 2020 Enacted	\$ 46,193,508	\$ 60,654,782	\$ 14,461,274
FY 2021 Current Service/ Unconstrained Request	\$ 1,285,445,766	\$ 1,299,907,040	\$ 14,461,274
Target Reduction/Initiatives	(1,067,528)	(21,512,673)	(20,445,145)
FY 2021 Constrained Target/Request	\$ 1,284,378,238	\$ 1,278,394,367	\$ (5,983,871)
<i>Change to FY 2020 Enacted</i>	\$ 45,125,980	\$ 39,142,109	\$ (5,983,871)

Education Aid. The Council requests \$941.7 million for state aid to local school districts, excluding the Central Falls School District and the Met School. This represents the tenth year of the education funding formula adopted by the 2010 Assembly. The formula 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 \$9,871 to \$10,310 per pupil, a \$439 or 4.5 percent increase per pupil. The request is \$29.7 million more than the enacted level based on updated data including enrollment and poverty, which is \$8.4 million less than the Budget Office’s original current service calculation.

The 2018 Assembly enacted legislation requiring the Department to provide an estimate of foundation education aid as part of its budget submission including 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 2021 request uses March 2019 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, which was submitted to the Budget Office and projected that formula aid could require \$2.6 million more than requested.

The Governor recommends \$2.5 million more than requested, including \$0.3 million for current law funding formula aid and \$2.1 million from a proposal included in Article 10 of 2020-H 7171 to include prekindergarten students in district-run classrooms in the funding formula. These seats are currently funded through the early childhood category of education aid. It should be noted that this article does not limit the expansion of district-run classrooms supported by the formula, so long as they are approved by the Department. Including prekindergarten seats in the funding formula provides increased aid compared to the current fixed appropriation for those high-need communities with a state share ratio above approximately 80 percent. Communities with lower state share ratios receive a lower reimbursement, but the opportunity to expand is unlimited.

Group Home Aid. The Council requests \$3.2 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. 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 331, consistent with the enacted budget. The Department of Children, Youth and Families reported that 320 beds were open, 11 less than assumed in the enacted budget. Based on the updated bed count, total aid would be \$3.0 million or \$0.2 million less than requested. *The Governor recommends \$0.2 million less than requested based on the December 31 bed count of 320 beds.*

Central Falls School District. The Council requests \$43.8 million from general revenues to support the Central Falls School District for FY 2021, which is \$2.4 million more than enacted. The increase reflects year ten of the funding formula and an allocation of stabilization funds. The formula includes a stabilization fund to provide additional support to the Central Falls School District until the city can begin paying its local share. This is the seventh year the Department has requested stabilization funding and it includes \$9.0 million in its request, which is \$1.0 million more than enacted for FY 2020. The additional stabilization funds reflect a reported structural deficit, which had not been previously disclosed. The request also includes a \$1.4 million increase representing year ten of the funding formula and a higher state share ratio based on updated data.

Staff presentations to the Council indicated that the school district budget has a structural deficit and had been relying on prior budget surpluses, which reportedly have been exhausted. Commissioner Infante-Green stated that the Department has met with the Mayor of Central Falls since this issue arose and it is working towards having the city contribute towards the deficit; however, as of the end of November, there is no indication that such a contribution is planned. The Council's revised request includes total funding of \$42.0 million, an increase of \$500,000 for stabilization funds for the school district. The need for additional stabilization funds doubles to \$1.0 million in its FY 2021 request.

Since 2007, when the Central Falls enrollment totaled approximately 3,500 students and had 330 certified employees, the district has reduced its teaching force from 330 to 275, compensating for the decline in enrollment, presently totaling 2,761 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 year 2004-05 through 2007-08, student enrollment ranged from 3,656 students to 3,341 students. Since then, enrollment steadily declined until 2017 when it reached 2,470 and has risen annually since then.

The Council's constrained request excludes the additional \$1.0 million of stabilization funding. *The Governor recommends total funding of \$43.1 million, or \$0.8 million less than requested. This includes \$1.2 million from a proposal in Article 10 of 2020-H 7171 to include prekindergarten students in district-run classrooms in the funding formula. These seats are currently funded through the early childhood category of education aid.*

Excluding this proposal, total funding formula aid for the school district would be \$41.9 million, or \$2.0 million less than requested. The Governor also adds \$0.5 million from general revenues for stabilization funding in her revised FY 2020 recommendation.

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 ten 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 from the implementation of the funding formula. The fund provided \$1.8 million to the Met School in FY 2020.

Using projected FY 2021 enrollments of 783 students and 544 free and reduced price lunch students, total formula aid is projected to be \$7.4 million, or \$0.1 million less than FY 2020 enacted aid. As FY 2020 is the final year of the transition period, this decrease, which has been phased in since the formula's enactment, will be fully realized. This decrease in formula aid is offset by a like increase from stabilization funding.

In addition to formula and stabilization aid, the Met also receives funding from the career and technical education categorical, noted separately. For FY 2021, the Council requests additional categorical funding but does not offset the increase with a reduction in direct aid to the Met. In FY 2019, the School received \$440,141 from the career and technical education categorical, or 9.8 percent of the enacted amount. An increase to the career and technical education categorical would likely result in additional funding for the School as well. *The Governor recommends funding as requested.*

Career and Technical Education Categorical Funding. The Council requests \$6.0 million for career and technical education categorical funding for FY 2021, \$1.5 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 2019, 32 schools and districts received career and technical categorical funding.

Funds are distributed in two priority areas: offset funding to diminish the financial costs incurred by districts that offer career and technical education, and support to schools starting up new career and technical education programming. Funding for this category was intended to grow over the course of the ten-year formula phase-in period; however, it has been level funded at \$4.5 million since FY 2017. Along with traditional public and charter schools, the state's career and technical schools also receive funding from this category of aid. In FY 2019, the Met and Davies received a total of \$0.7 million from the career and technical education categorical, or 15.9 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 Council's constrained request excludes the additional funding. *The Governor recommends total funding of \$4.5 million, consistent with the enacted budget.*

Early Childhood Categorical Funding. The Council requests \$17.9 million for early childhood categorical funding as part of the education funding formula, which is \$3.0 million more than enacted from general revenues. 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 prekindergarten programs.

For FY 2020, 22 organizations received funds through a request for proposals process. The additional funding allowed for increased capacity in only eight classrooms from 18 student to 20 students each, five new state-run classrooms, and 13 new classrooms supported by both general revenues and federal Head Start funds, which allowed for expansion of the school year for some Head Start students. The Department piloted a new “braided” formula model, whereby new classrooms were opened with some seats funded by Head Start and others by state funds. By leveraging Head Start funds, the program has expanded to a total of 78 classrooms and 1,420 students, 340 more students than served in FY 2019. This pilot program began in FY 2010 with \$700,000. Of the 340 new seats, 223 were funded solely from general revenues, with the remainder funded from both state and federal sources.

The Council’s constrained request excludes the additional funding. *The Governor recommends total funding of \$16.3 million, \$1.4 million more than enacted. She also includes \$3.3 million in funding formula education aid from a proposal in Article 10 of 2020-H 7171 to include prekindergarten students in district-run classrooms in the funding formula. This frees up existing categorical funds to expand the program. Combined, the Governor recommends \$4.8 million more for prekindergarten, which would reportedly fund 750 new seats. It appears the number of seats is linked to the receipt of a new federal grant awarded to the Department of Human Services in December; however, the new grant is not included in the budget.*

High Cost Special Education. The Council requests \$9.0 million for high-cost special education students as part of the education funding formula, which is \$4.5 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. It previously set a goal of \$12.5 million of funding for this category by FY 2021, the final year of the funding formula transition period. The increased funding requested for FY 2021 falls short of that goal. Meanwhile, estimates submitted with the Governor’s FY 2020 budget recommendation level fund this category in the out-years.

The Council’s constrained request excludes the additional funding. *The Governor recommends total funding of \$4.5 million, consistent with the enacted budget.*

Non-Public School Transportation Categorical Funding. The Council requests \$4.6 million for non-public school transportation categorical funding, \$1.6 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 Council’s constrained request excludes the additional funding. *The Governor recommends total funding of \$3.0 million, consistent with the enacted budget.*

Regional School District Transportation Categorical Funding. The Council requests \$5.3 million for regional school district transportation categorical funding, \$0.7 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 Council's constrained request excludes the additional funding. *The Governor recommends total funding of \$4.6 million, consistent with the enacted budget.*

English Language Learners Categorical Funding. The Council requests \$9.5 million for English language learner categorical funding, which is \$4.5 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, for students based on criteria determined by the Commissioner, prorated to the amount of funds available for distribution. This recommendation emerged from the Governor's funding formula working group. The 2016 Assembly provided \$2.5 million for FY 2017 only and the 2017 Assembly made it permanent.

For FY 2020, the Council also requested \$9.5 million, \$4.5 million more than the FY 2019 enacted budget, to fully-fund English language learner categorical funding. The request was consistent with its funding goal for FY 2021. The Department reports that funded programs are evidence based models and instructional tools. It is not clear what criteria is used to evaluate programs, but there does not appear to be a preapproved list for districts to choose from.

The Council's constrained request excludes the additional funding. *The Governor recommends total funding of \$7.5 million, \$2.5 million more than enacted. She also includes legislation in Article 10 of 2020-H 7171 to rename the category as aid for "multilingual learners" and outlines specific uses for funds including new bilingual classrooms and programs, increasing capacity of multilingual educators and providing training for educators to be certified in English to Speakers of Other Languages. The legislation does not define multilingual learners, and it appears that funding could also be used to benefit native English speakers learning other languages.*

School Resource Officer Support. The Council requests \$2.0 million from general revenues for school resource officer funding, \$1.0 million more than enacted. 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 eligible for reimbursement. Through November 2019, reimbursement requests total \$0.3 million for six school resource officers.

With the additional funding, the Department proposes to expand reimbursement to certain new support personnel, including guidance counselors, psychologists, and social workers. Legislation is required for this proposal. Absent this change, school resource officer aid would likely be \$0.5 million in FY 2021.

The Council’s constrained request excludes the additional funding. *The Governor recommends total funding as requested, including the enacted amount of \$1.0 million from general revenues and \$1.0 million from new Opioid Stewardship funds. She also includes legislation in Article 10 of 2020-H 7171 to expand aid to new mental health professionals in schools, including school counselors, student assistance counselors, social workers, and psychologists. The legislation does not eliminate the sunset date and funding for new mental health staff would only be available for FY 2021; however, schools must commit to funding the positions beyond FY 2021 to receive funding. Based on estimated school resource officer reimbursements of \$0.5 million, \$1.5 million would be available for new mental health professionals.*

School Housing Aid. The Council requests \$80.0 million from general revenues for school housing aid. This includes \$79.1 million for the traditional program and \$0.9 million for the School Building Authority Capital Fund. Compared to the enacted budget, the request shifts \$0.1 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.

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 approved 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, replacing facilities, and consolidating facilities.

Future expenses for the traditional program could increase beyond the annual appropriation of \$80.0 million as more districts pursue school housing projects and are temporarily eligible for state share ratio increases. Between FY 1999 through FY 2017, the Council averaged \$121.7 million of approvals annually; in FY 2018 it approved \$283.4 million and in FY 2019 it approved \$383.0 million. Meanwhile, as of December 1, 2019, the School Building Authority projects a total of \$950.9 million of traditional school housing aid approvals for FY 2020, including \$234.1 million in November and \$627.3 million in May. Additionally, FY 2021 approvals are projected to be \$333.6 million. As shown in the following table, the Authority’s estimated approvals have been revised monthly reflecting local decisions to delay or amend projects, which could result from changes in priorities, fiscal capacity, or reevaluation of local capital plans.

SBA Approval Estimates				
Approval Period	October 1st	November 1st	December 1st	
Nov. 2019	\$ 345.0	\$ 245.0	\$ 234.1	
May 2020	974.9	705.9	627.3	
Nov. 2020	-	255.0	333.6	
2-Year Total	\$ 1,319.9	\$ 1,205.9	\$ 1,195.0	

\$ in millions

In October, two projects were anticipated to be approved by the Council in November; however, one community deferred their application to the following approval period. The Council actually approved projects in December 2019, which totaled of \$234.1 million for Pawtucket, \$10.9 million less than had been previously projected. In addition, the Authority projected in October that 15 communities would seek project approvals in May 2020; however, by December, four communities had deferred to the November 2020 approval period and another eight communities expressed their intention to seek project approvals at that time. In addition to shifting among approval periods, several projects requesting May approval were revised downward primarily reflecting smaller project scopes and local planning decisions.

The Governor recommends total funding as requested. It should be noted that out-year estimates submitted with the Governor's budget assume costs for the traditional program will grow to \$81.9 million in FY 2022, \$96.8 million in FY 2023, \$116.6 million in FY 2024, and \$130.8 million FY 2025. Consistent with the Governor's capital budget, the out-year estimates assume a second \$250.0 million school construction bond is approved.

School Housing Aid Administration (2.0 FTE). The Council requests \$1.0 million from restricted receipts, \$0.2 million more than enacted, for administration of the school construction program. The request includes funding and authorization for 2.0 new full-time equivalent positions, including a clerk secretary and a school construction finance specialist. The enacted budget assumed a total of four positions to support the program and funded the positions from restricted receipts to be collected from the Rhode Island Health and Educational Building Corporation, which would increase to six positions under the request. Receipts are drawn from fee revenue and the Corporation's reserve funding, which is a finite resource and may not be a viable long-term funding source for this program.

The Department entered into a memorandum of understanding with the Corporation in May 2019 to support personnel expenses of existing staff; the agreement is effective through June 28, 2024 and assumes expenses of \$0.8 million in FY 2019 and \$1.2 million for FY 2020. It should be noted that on October 16, 2019, a majority of the Corporation's Board of Directors voted to rescind the memorandum; however, the Chairman declared that the measure had failed as the vote was not unanimous. According to the Corporation's by-laws, only a majority of board members are needed to vote affirmatively for the measure to pass, which was discussed at the Board's November 12 meeting.

The Board also discussed its obligations under Rhode Island General Law, Section 16-105-7, at the November meeting which requires the Corporation to support personnel expenditures directly related to the administration of the school construction aid program, subject to the annual appropriation process and approval by the General Assembly. It subsequently unanimously voted to continue to pay for School Building Authority staff for the remainder of FY 2020. Discussions around supporting staff expenses appear to be centered on administrative fee revenues, which are collected on the origination of municipal bonds. Fee revenues are reportedly insufficient to cover ongoing personnel expenses, requiring the use of the Corporation's reserve funding.

The Council's constrained request excludes funding and authorization for the new positions. *The Governor recommends \$3,905 less than requested reflecting statewide medical benefit savings.*

Teacher Retirement. The Council requests \$119.5 million to fund the state's share of the employer contribution for teacher retirement costs, an increase of \$7.2 million to the FY 2020 enacted level based on a 3.0 percent assumed growth annually in teacher payroll, updated for FY 2019 actual wages. The request is consistent with Budget Office current service estimates. The Council also requests total expenses of \$113.3 million in its revised FY 2020 request, which is \$1.0 million more than enacted and also assumes a 3.0 percent growth in teacher payroll over FY 2019 wages.

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 \$1.2 million less than requested reflecting updated Budget Office estimates.*

Providence Public School District Oversight. The Council requests \$75,000 from general revenues for contracted legal services related to Department oversight of the Providence Public School District. In May

2019, the Commissioner of Elementary and Secondary Education first announced the state's intent to temporarily invoke its authority over the school district under the Paul W. Crowley Rhode Island Student Investment Initiative, also referred to as the Crowley Act. This was finalized in October 2019. While the city will remain financially responsible for the school district, the Department will review and improve teaching and operating practices, including teacher professional development, curriculum, hiring, and janitorial contracts, among others.

The Council's constrained request excludes the additional funding. *The Governor does not recommend the funding.*

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 2021. This is \$31,592 less than enacted from restricted receipts, offset by \$7,777 more from general revenues. The Governor's recommended FY 2020 budget included savings from a proposal to reduce the cost of certain commodities; however, the program did not achieve the savings in FY 2019 and is not anticipated to achieve it in FY 2020 or FY 2021. The request would bring total state support for the fund to \$400,000, which is consistent with historical funding levels.

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 and the number of students eligible for free and reduced price lunches.

Based on FY 2019 actual receipts, 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 funding essentially as requested.*

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.*

Textbook Reimbursement. The Council requests the enacted level of \$240,000 from general revenues for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. In FY 2019, final program expenditures were \$88,576. *The Governor recommends funding as requested.*

Statewide Student Transportation. The Council requests \$30.4 million from restricted receipts for the statewide transportation system, which is \$5.2 million more than enacted and \$1.0 million more than the revised request. Restricted receipts are collected from districts for transportation expenditures, less aid provided through the transportation categorical fund. The Department estimates expenses will increase 19.0 percent over actual FY 2019 expenses based on increased utilization of the system and rising costs to transport each student. The Department reports that increased utilization is primarily the result of transporting students in Department of Children, Youth and Families care and requirements under the Every Student Succeeds Act. It continues to experience growth in the number of students transported under the act, which is compounded by regular movement of existing students in state care. FY 2021 expenses are projected to be 3.6 percent greater than the revised request primarily from pending contract negotiations with its transportation vendors; current agreements will expire in FY 2020.

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 for 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. 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.*

English Language Learner Assessments. The Council requests \$0.6 million from all sources, including the enacted level of \$0.4 million from federal funds and \$115,000 from new general revenues to fund World-Class Instructional Design and Assessment ACCESS testing. These assessments are used to place and evaluate English language learners. The Department reports that the number of English language learner students in Rhode Island has increased annually, and it anticipates administering 16,977 tests in FY 2021, a 22.4 percent increase over the 13,870 tests administered in FY 2019.

The Council's constrained request excludes the funding. *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. 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 public high school students. Under this initiative, sophomores may take the PSAT and juniors may take the SAT at no cost. 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) assessment replaced PARCC at the elementary and middle school levels.

Based on October 2019 enrollments, testing is estimated to cost \$0.6 million for FY 2020. However, FY 2020 is the final year of the current contract with the College Board. As the price of the test for individuals has risen since FY 2017, a new contract will likely result in increased costs as well. Renegotiation of the contract will likely occur after FY 2020 testing takes place. *The Governor recommends funding as requested.*

Advanced Coursework Network. The Council requests \$0.9 million from all sources to support its advanced coursework network initiative, including \$0.3 million from permanent school funds and \$0.6 million from general revenues. The request is \$0.5 million more than enacted from general revenues, this includes \$0.4 million to supplant funds from the career and technical education aid category that have annually been used to support the program and \$0.1 million to increase participation.

There are currently 43 members participating in the network, including public school districts, charter schools, and state schools, with courses offered by seven provider organizations. Provider organizations include other school districts, non-profits, and postsecondary institutions. Courses include advanced

science and mathematics courses as well as Advanced Placement, world language, career-focused, and other Prepare RI courses that offer 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 \$2.3 million for the dual and concurrent enrollment program through the Office of Postsecondary Commissioner.

The Council's constrained request excludes the additional funding. *The Governor recommends total funding of \$0.7 million, \$0.3 million less than requested from all sources. This includes the enacted level of general revenue funding and \$0.2 million more 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 fund source. General revenues would likely be required to maintain this level of funding beyond FY 2021. The Governor also includes an additional \$0.9 million for the dual and concurrent enrollment program in the Office of Postsecondary Commissioner.*

Literacy/Dyslexia Training and Support. The Council requests \$375,000 from general revenues for literacy and dyslexia training and support, \$125,000 more than enacted. For FY 2020, the Assembly provided \$250,000 to implement the Department's science of reading and dyslexia action plan, including \$120,000 and authorization for a new position. This also included funding to strengthen literacy screenings, coordinate statewide training of educators in the Orton-Gillingham method, and to provide additional resources to support improved literacy practices. The Department requests additional funding to expand professional development and training to up to 125 more educators. It should be noted that while the enacted budget assumes a full year of funding for the new position, staff is not expected to begin until January 2020.

The Council's constrained request excludes the additional funding. *The Governor recommends the enacted level of funding.*

Early Childhood Education Support Staff (2.0 FTE). The Council requests \$0.3 million from general revenues and authorization for two new education specialists to support the state's early childhood education or prekindergarten, program. The positions would provide technical assistance, assist with early childhood programming, make site visits, and provide continuous support and monitoring to the field. While the Council requests an increase of \$3.0 million to the early childhood category of education aid to support and expand the program, it reports that the positions would be needed to support the program whether or not additional enrollment is funded. It should be noted that in 2019, the Department of Human Services was awarded a \$4.2 million federal grant to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. In coordination with the Department of Elementary and Secondary Education, funds are being used to support the state's prekindergarten program, including professional development and technical assistance, a facilities assessment which would also identify expansion opportunities, family needs assessment, and funding stream analysis.

The Council's constrained request excludes funding and authorization for the new positions. *The Governor recommends \$0.1 million and authorization for one new early childhood education specialist.*

School and School Systems Support Staff (8.0 FTE). The Council requests \$1.3 million from general revenues and authorization for 8.0 new full-time equivalent positions to support school systems and school improvement. The Department currently has an Office of School Improvement, which would be reorganized into two smaller offices, one of which would continue the Department's efforts in supporting improvements in the state's lowest performing school districts. The other office would focus on school systems statewide, which could include supporting governance and leadership, instructional practices and assessing learning, and supporting collaboration between schools and community stakeholders. The request

includes a deputy commissioner to oversee both offices, a director to oversee staff focusing on school systems support, and six other staff to support this work. The support staff include a clerk secretary, an executive staff assistant, a data management specialist and three education specialists. It should be noted the Department hired the deputy commissioner in December 2019, though it was not included in its revised request.

The Council's constrained request excludes funding and authorization for the new positions. *The Governor recommends total funding of \$1.0 million from all sources, including \$0.6 million from general revenues and \$0.4 million from charitable donations. The general revenues would be used to support 3.0 new full-time equivalent positions including a director, education specialist, and the deputy education commissioner that was already hired. It appears that charitable donations would be used for professional training and education; however, it is not clear who would donate these funds. The Governor also does not include legislation authorizing a restricted receipt account to collect these funds. It should be noted that if expenses from donated funds exceed the recommended amount, the Department may be subject to additional reporting requirements pursuant to Section 35-5-24 of the Rhode Island General Laws.*

High-Quality Curriculum Support (2.0 FTE). The Council requests \$0.7 million from general revenues and authorization for 2.0 new full-time equivalent positions to expand access to high-quality curriculum. This includes \$0.4 million to support planning for high quality curriculum and provide grants to districts, and \$0.3 million for the two positions. One position would define high quality professional learning, assist local education agencies in establishing high quality professional learning structures, and other related best practices. The second position would be a social studies specialist to review current regulations, identify high quality curriculum, and support school districts in implementing that curriculum.

The Council's constrained request excludes funding and authorization for the new positions. *The Governor recommends total funding of \$0.3 million and authorization for the two new positions but does not concur with the remainder of the request.*

World Language Education Specialist (1.0 FTE). The Council requests \$0.1 million from general revenues and authorization for a new full-time equivalent position to support English language learner education. The administrative position would help support school personnel in the implementation of proposed English 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 funding and authorization for this position for FY 2018, FY 2019, and FY 2020. For FY 2018, the Governor recommended funding the position within its existing authorization, excluding additional funds. The Assembly concurred; however, the position was never filled.

The Council's constrained request excludes the requested funding and authorization. *The Governor does not recommend the funding or authorization.*

Prepare RI Fellows (2.0 FTE). The Council requests \$8,216 less from all sources, including \$0.3 million more from general revenues and authorization for 2.0 full-time equivalent positions to replace fellowships currently supported by a New Skills for Youth grant that will expire in FY 2020. The Department was first awarded \$0.1 million in 2016 to launch its Prepare RI initiative and subsequently awarded \$2.0 million for three years to support career pathways, promote work-based learning, and professional development. The Department currently has two fellows who are from local education agencies and reimburses those districts for personnel expenses.

The request includes one career education specialist that would expand career and technical education programs and work-based learning in schools and one school counselor specialist that would work with local education agencies and schools with designing and implementing school counselor related initiatives

and tools. The Department previously included funding for the fellowships in its FY 2019 and FY 2020 requests, but neither were funded.

The Council's constrained request excludes the requested funding and authorization. *The Governor recommends \$0.1 million from general revenues and authorization for one position to administer the program.*

Commissioner's Office Support. The Council requests \$35,300 from general revenues to improve communications and outreach efforts regarding restructuring of the Commissioner's Office. Similar funding was included in its FY 2019 and FY 2020 requests but was not provided. The request includes \$15,000 to facilitate community engagement and forums throughout the state and \$20,300 to meet technical needs of Office staff and potentially for online outreach to different constituencies.

The Council's constrained request excludes the requested funding. *The Governor does not recommend the funding.*

Shepard Building Parking. Consistent with Budget Office current service estimates, the Council excludes \$254,000 from general revenues for 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 handicap accessible parking at 122 Mathewson Street for staff and visitors with disabilities. However, the Department is expected to move from its current location to the William E. Powers Building at 1 Capitol Hill in Providence in FY 2020, eliminating the need for future parking contracts. *The Governor recommends funding as requested.*

Child Opportunity Zones. The Council requests the enacted level of \$395,000 from general revenues to support child opportunity zones (COZ). Funding is used to strengthen education, health and social services for students and their families as a strategy to accelerate student achievements. *The Governor recommends funding as requested.*

Hasbro Children's Hospital School. The Council requests the enacted amount of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital. *The Governor recommends funding as requested.*

Nutrition Grants. The Council requests authorization to spend \$57.5 million, or \$0.2 million more than enacted, from federal nutrition program funds, reflecting anticipated program participation and federal reimbursement. The request is \$0.2 million more than its revised FY 2020 request and \$3.5 million more than spent in FY 2019. *The Governor recommends funding as requested.*

Special Education Grants. The Council requests authorization to spend \$48.7 million, or \$1.5 million more than enacted, from federal special education funds to reflect updated awards and 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 \$57.4 million from federal Title I funds. This is \$1.4 million more than enacted and consistent with the revised request, reflecting updated anticipated awards and available carry-forward funds. Title I funds are passed through to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated

through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommends funding as requested.*

Every Student Succeeds Act Block Grant. The Council requests authorization to spend \$7.5 million from federal Title IV Part A funds, or Every Student Succeeds Act (ESSA) block grant. Consistent with the revised request, the FY 2021 request is \$2.0 million more than enacted, reflecting updated award information and carry-forward of unused funds. 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.*

Vocational Education Grants. The Council requests authorization to spend \$6.4 million from federal vocational education grants. This is \$0.9 million more than enacted and consistent with the revised request. Vocational education funds are used to improve vocational education programs statewide. The revised request includes \$0.2 million from a new grant to support science, technology, engineering and mathematics apprenticeships for high school students. Beginning in the fall of 2019, participating students will spend half of their instructional time working on the job while also enrolled in credit-bearing coursework through the Community College of Rhode Island. While most funding will be passed through to the Community College, approximately 20 percent will be used by the Department to provide professional development and outreach. *The Governor recommends funding as requested.*

Adolescent Health and School Climate. The Council requests authorization to spend \$2.8 million from two federal grants designated to address adolescent health and school climate, which reflects carryforward of unspent funds. In FY 2019, the Department was awarded two five-year federal grants to address student mental health. The first, for \$9.0 million, supports adolescent health and academic achievement, specifically regarding mental health issues. Funding is used to promote mental health awareness among schools and communities and improve connections to services for school-age youth and their families. The second, for \$2.5 million, supports districts in expanding programs that address student social, emotional and behavioral needs. Participating schools conduct needs assessments and develop plans that are tailored to their student population. Grant partners then provide professional development and training to educators to expand and connect intervention efforts. The request is \$0.7 million more than enacted and \$0.1 million more than the revised request. Funds also support two full-time equivalent positions that oversee the programs. *The Governor recommends \$1,252 less from federal funds reflecting statewide medical benefit savings. She also recommends \$590,000 from new Opioid Stewardship funds to support mental and behavioral health training, curricula, and other materials for educators.*

ServeRI. The Council requests \$2.7 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 \$0.3 million less than enacted based on awards for program sites. *The Governor recommends \$781 less than requested reflecting statewide medical benefit savings.*

Adult Education Grants. The Council requests \$7.9 million for adult education grants from multiple sources, \$0.1 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, family literacy, 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.*

Literacy Development Grant. Subsequent to submitting its budget request, the Department was awarded a five-year \$20 million Comprehensive Literacy State Development grant from the U.S. Department of Education. Funding will primarily support communities and local education agencies in strengthening literacy development and instruction for children from birth through grade 12. Most funding will be distributed as grants for districts to develop and implement comprehensive literacy instruction, including professional development. Districts and community-based organizations will also be eligible for grants to engage families and support literacy at home. *The Governor includes \$5.9 million from these new funds.*

Other Salaries and Benefits. The Council's request includes \$19.7 million for the Department's other 136.1 administrative positions. This is \$48,621 more than enacted, including \$0.1 million more from general revenues to reflect current service adjustments and position changes. The request also includes \$0.1 million less from federal funding, reflecting several grant adjustments, and \$35,054 less from restricted receipts.

The FY 2020 enacted budget funded all positions in the Department's administrative program; however, some positions have changed or have been repurposed from assumptions in the enacted budget. For example, the Department repurposed vacancies in the current year to hire a senior advisor to the commissioner, a second deputy commissioner, a director of school system planning and improvement, an executive staff assistant, and a multilingual learner specialist. Subsequent information provided by the Department indicates that a customer service specialist and an adult education specialist were replaced by the senior advisor and deputy commissioner, respectively. Additionally a clerk secretary position was repurposed as a director and a college and career specialist was repurposed to an executive staff assistant.

The Governor recommends \$0.1 million less than requested from all sources, including \$9,113 from general revenues, reflecting statewide medical benefit savings.

Centralized Services. Consistent with the enacted budget, the Council's request includes \$0.1 million from general revenues for the Department's share of centralized information technology services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. *The Governor recommends \$22,236 more than requested from general revenues for the Department's share of server space.*

Other Grants and Programming. The Council requests \$31.2 million from all sources for all other grants and programming, including \$48.9 million from general revenues. The request is \$0.7 million less than enacted, including \$114,000 more from general revenues, \$0.2 million less from federal funds, and \$0.9 million less from restricted receipts. Restricted receipt changes primarily reflect the end of two private grants, including the New Skills for Youth grant which supports the Prepare RI initiative. The general revenue request includes \$39,000 for contracted legal services for hearings regarding the state takeover of the Providence Public School District and residency determinations for the Department of Children, Youth and Families and \$75,000 to maintain current service operations. The request includes expenditures of \$4.9 million from general revenues, \$26.5 million from federal funds and \$0.2 million from restricted receipts. Nearly half of the general revenue expenses are for contracted services, including state testing, professional development for local educators, supporting the RI Model of Educator Evaluation and the Uniform Chart of Accounts, and the surrogate parent program at Rhode Island College.

The Council's constrained request excludes the additional general revenues. *The Governor recommends general revenue funding consistent with the constrained request and \$0.1 million less from federal funds.*

Met School Capital. The Council requests \$0.9 million from Rhode Island Capital Plan funds for asset protection projects at the Metropolitan Career and Technical School, \$0.7 million more than enacted to begin replacing the roofs of the Providence campuses. This is consistent with the capital request. *The Governor recommends the enacted level of funding. A detailed description of these projects is included in the Capital Budget section of this publication.*

Davies Career and Technical School

Funding Formula. The Council requests \$19.7 million from all sources, including \$13.8 million from general revenues to fund Davies Career and Technical School for FY 2021, the tenth year of the funding formula. The request includes \$0.1 million more from each federal funds and general revenues, \$0.6 million more from restricted receipts, and \$0.1 million less from other funds. Beginning with FY 2012, Davies falls under the education funding formula and its state aid is determined by the funding formula calculation just as any other local education agency would. Using enrollments of 889 and free and reduced price lunch students of 540, total formula aid is projected to be \$8.5 million or approximately \$0.3 million less than FY 2020 enacted aid. 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 \$4.9 million in additional funding for Davies in FY 2020.

The Council's constrained request excludes the additional \$0.1 million from general revenues. *The Governor recommends \$1,595 less than requested from federal funds reflecting statewide medical benefit savings.*

Capital. The Council's request includes \$0.8 million from Rhode Island Capital Plan funds for capital projects at the Davies Career and Technical School. This is \$0.5 million more than enacted, and \$5.0 million less than the capital budget request as it excludes new funding to begin a major renovation project. *The Governor recommends \$0.3 million more than requested for ongoing projects. A detailed description of these projects is included in the Capital Budget section of this publication.*

Rhode Island School for the Deaf

Restricted Receipts. The Council requests \$0.5 million from restricted receipts for the School for the Deaf, including \$57,500 collected from school breakfast and lunch, \$18,000 from renting its athletic field and gymnasium, and \$400,000 from tuition collected for some students. Consistent with the revised request, the FY 2021 request is \$0.4 million less than enacted from tuition receipts, reflecting actual collections in FY 2019. The School collects tuition for all out-of-state students and those in-state students receiving services beyond the first of four levels of service. As of November, enrollment totaled 78 students, of which four are out-of-state. Of the 74 in-state students, 51.4 percent receive services at a Level 1 and no tuition is collected. *The Governor recommends \$1,163 less from restricted receipts reflecting statewide medical benefit savings.*

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 a temporary services provider for another. The School reports that rising student enrollment has exhausted current staff's caseload capacity. Between the fall of 2015 and the fall of 2019, enrollment at the School has increased 25.8 percent, from 62 in 2015 to 78 as of November 2019. 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 varies by student. The additional position would both address rising caseloads and ensure students receive all services required by their education plans. The School also requested this position last year. *The Governor does not recommend the funding or authorization.*

Other Salaries and Benefits. The Council's budget request contains \$6.8 million in salary and benefit expenditures for 60.0 full-time equivalent positions at the School, which is \$0.2 million more than enacted from all sources and \$0.6 million more from general revenues. This would restore nearly all turnover assumed in the enacted budget, which is equivalent to approximately two full-time positions. Student population has increased 25.8 percent from 62 in 2015 to 78 in November 2019. Rising student enrollments has led to the hiring of additional staff. As of the pay period ending November 23, the School has 59.7 filled positions. *The Governor recommends \$0.8 million less than requested primarily from general revenues, which excludes the additional requested general revenues and includes \$30,377 of statewide medical benefit savings. As of the pay period ending February 1, the School maintains 59.7 positions filled.*

Audiology Center. The School for the Deaf operates the statewide hearing screening program through its Audiology Center. A statewide program is required under current law and the center provides free, comprehensive audiology screening to approximately 50,000 school children annually. It is supported by 5.0 full-time equivalent positions funded from general revenues appropriated for the School, including two licensed audiologists and three support staff. In May 2019, the Commission on Government Efficiency issued a series of recommendations to achieve \$10.0 million of savings included in the Governor's FY 2020 recommended budget, including shifting responsibility for audiology testing from the state to local education agencies and charging a fee to districts for the service. The Governor subsequently requested an amendment to shift \$0.2 million of operating expenses from general revenues to restricted receipts based on the recommendation; however, the Assembly did not include the proposal.

The Governor's recommendation assumes general revenue savings of \$235,000 from shifting responsibility of audiology testing from the state to local school districts. Consistent with the prior year's proposal, districts would reportedly enter into fee-for-service agreements with the School; however, the budget does not assume new restricted receipts to offset the reduction of general revenues. The Governor also excludes legislation to effectuate this change.

Other Operations. The Council requests \$1.8 million for all other expenditures for the School for the Deaf, including \$1.0 million from general revenues. The request is \$0.3 million more than enacted, including \$0.2 million more from general revenues and \$0.1 million more from federal funds. The request for general revenues primarily reflects additional funding for contracted education services which directly support students. However, the request for contracted education services is \$0.2 million more than spent in FY 2019 and does not assume savings from hiring a new speech language pathologist, noted separately. Without a significant increase in students or increase in the level of services provided for current students, not all funding may be needed. *The Governor recommends \$16,831 less than requested from general revenues for miscellaneous operating expenses.*

Capital. The Council requests \$100,000 from Rhode Island Capital Plan funds for asset protection projects at the Rhode Island School for the Deaf. This is \$50,000 more than enacted and consistent with the capital request. *The Governor recommends funding consistent with the capital plan. A detailed description of this project is included in the Capital Budget section of this publication.*

Public Higher Education

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Office of Postsecondary Comm.	\$ 42,714,187	\$ 40,816,003	\$ 45,353,443	\$ 41,554,909
University of Rhode Island	837,035,616	851,408,791	869,262,596	857,178,397
Rhode Island College	201,797,383	196,769,241	202,250,223	202,639,184
Community College of RI	166,379,212	167,102,113	169,269,239	171,268,902
Total	\$ 1,247,926,398	\$ 1,256,096,148	\$ 1,286,135,501	\$ 1,272,641,392
Expenditures by Category				
Salaries and Benefits	\$ 561,508,903	\$ 555,578,907	\$ 579,111,337	\$ 577,383,799
Contracted Services	30,415,191	31,941,368	32,132,822	32,075,781
Subtotal	\$ 591,924,094	\$ 587,520,275	\$ 611,244,159	\$ 609,459,580
Other State Operations	217,137,686	231,100,028	234,476,892	239,125,111
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	324,076,908	316,623,660	324,849,037	323,365,060
Capital	44,107,415	49,587,467	44,715,743	30,300,620
Capital Debt Service	70,680,295	71,264,718	70,849,670	70,391,021
Operating Transfers	-	-	-	-
Total	\$ 1,247,926,398	\$ 1,256,096,148	\$ 1,286,135,501	\$ 1,272,641,392
Sources of Funds				
General Revenue	\$ 243,650,858	\$ 246,847,417	\$ 259,054,003	\$ 244,404,094
Federal Aid	8,000,000	8,240,807	8,124,086	8,255,837
Restricted Receipts	3,767,896	3,679,334	3,215,019	3,211,866
Other	992,507,644	997,328,590	1,015,742,393	1,016,769,595
Total	\$ 1,247,926,398	\$ 1,256,096,148	\$ 1,286,135,501	\$ 1,272,641,392
Uses of Funds				
Unrestricted Use Funds	\$ 779,539,117	\$ 767,606,313	\$ 797,473,129	\$ 792,259,050
Restricted Use Funds	468,387,281	488,489,835	488,662,372	480,382,342
Total	\$ 1,247,926,398	\$ 1,256,096,148	\$ 1,286,135,501	\$ 1,272,641,392
FTE Authorization	3,595.5	3,860.5	3,875.2	3,861.5
<i>Limited to Third Party Funds</i>	788.8	523.8	523.8	523.8
Total Authorized Positions	4,384.3	4,384.3	4,399.0	4,385.3

Summary. The Council on Postsecondary Education requests \$1,286.1 million from all sources, including \$259.1 million from general revenues. This is \$38.2 million more than enacted from all sources, including \$15.4 million more in general revenue support, \$2.5 million more from other unrestricted sources, and \$20.3 million more from restricted sources. The request includes \$797.5 million from unrestricted use funds and \$488.7 million from restricted use funds. The unrestricted request represents 4.2 percent growth over FY 2020 revised expenditure projections; the restricted request represents 0.7 percent growth.

The Governor recommends \$1,272.6 million from all sources, which is \$24.7 million more than enacted and \$13.5 million less than requested. She recommends \$244.4 million from general revenues, which is

\$0.8 million more than enacted and \$14.6 million less than requested. Excluding debt service, general revenues are \$1.6 million more than enacted and \$14.2 million less than requested.

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 \$231.1 million. The amount includes a current service adjustment reduction of \$3.0 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$9.6 million.

The constrained budget submitted by the agency is \$16.7 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 \$13.4 million above target.*

FY 2021 Budget	Budget Office	Higher Education	Difference
FY 2020 Enacted	\$ 243,650,858	\$ 243,650,858	\$ -
Current Service Adjustments	(2,978,634)	11,559,012	14,537,646
New Initiatives	-	3,844,133	3,844,133
Change to FY 2020 Enacted	\$ (2,978,634)	\$ 15,403,145	\$ 18,381,779
FY 2021 Current Service/Unconstrained Request	\$ 240,672,224	\$ 259,054,003	\$ 18,381,779
Target Reduction/Initiatives	(9,605,744)	(11,280,094)	(1,674,350)
FY 2021 Constrained Target/Request	\$ 231,066,480	\$ 247,773,909	\$ 16,707,429
Change to FY 2020 Enacted	\$ (12,584,378)	\$ 4,123,051	\$ 16,707,429

Full-Time Equivalent Positions. The FY 2021 request includes authorization for 4,399.0 full-time equivalent positions, provided that 523.8 of those positions would be limited to third-party sources. This is 13.7 more than the enacted level, including 11.7 more positions at the University and 3.0 more 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 University’s request also reallocates positions between third-party and its non-third-party staffing levels. This addresses a problem with its current position reporting where its staffing is over the authorized level. The request shifts 265.0 third-party full-time equivalent positions to non-third-party positions. There would still be vacancies in both caps with this shift.

The Governor recommends staffing of 4,385.3 full-time equivalent positions, 1.0 position more than enacted. This includes 1.0 new operations and facilities manager for the Northern Rhode Island Higher Education Center. The recommendation also includes 3.0 new student advisor positions at the Community College within its enacted authorization. The Governor also recommends shifting the 265.0 third-party positions at the University to remove auxiliary enterprise positions previously reported incorrectly as third-party, consistent with the request. As of the pay period ending January 18, 2020, the system had 4,073.3 filled positions.

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 \$8.2 million more than enacted from all sources including \$3.2 million more from general revenues. This is \$6.1 million more than requested; from general revenues it includes \$3.2 million more for additional general obligation bond debt service for the College and University.*

Higher Education Funding. Expenditures in Public Higher Education increased 35.3 percent during the period FY 2011 through FY 2020, which is an average annual rate of 3.5 percent. Public Higher Education would grow 38.6 percent if the Council's FY 2021 request were funded, an average annual rate of 3.5 percent. It should be noted that beginning in FY 2007, debt service expenditures, which had been shown in the budget of the Department of Administration from FY 2000 through FY 2006, are again shown in Higher Education's budget. *The Governor's recommendation represents 37.9 percent growth during the FY 2011 through FY 2021 period, with an average annual rate of 3.4 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 \$797.5 million, of which \$259.1 million is from general revenues. The general revenue portion is \$15.4 million more than the FY 2020 enacted budget; other unrestricted sources increase \$2.5 million.

The Governor recommends \$792.3 million from unrestricted sources, which is \$12.7 million more than enacted and \$5.2 million less than requested. General revenues are \$0.7 million more than enacted and \$14.6 million less than requested. Excluding debt service, general revenues are \$14.2 million less than requested. Other unrestricted sources, including tuition and fees, are \$9.4 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 \$488.7 million for FY 2021. This is an increase of \$20.3 million to the enacted FY 2020 level. Compared to the revised allocation, the request is \$3.6 million more. *The Governor recommends \$480.4 million from restricted sources, which is \$12.0 million more than enacted and \$9.5 million less than requested, primarily to reflect adjustments to spending from Rhode Island Capital Plan funds and sponsored research funds.*

Salaries and Benefits. The Council requests \$579.1 million for salary and benefit expenditures, of which \$467.9 million is from unrestricted sources and \$111.2 million is from restricted sources. The request represents a \$14.2 million or 3.1 percent increase from the FY 2020 enacted level in unrestricted funding, and a \$3.4 million or 3.1 percent increase in restricted funding. Compared to the institutions' FY 2020 revised projections, the unrestricted increase is \$20.7 million or 4.6 percent more and restricted funding increases by \$3.1 million or 2.9 percent. The Council's request includes benefit adjustments consistent with Budget Office planning values, funding for 11.7 new unrestricted positions at the University and 3.0 new positions at the Office of Postsecondary Commissioner, as well as additional funding for settled and

ongoing contract negotiations. *The Governor recommends \$1.7 million less than requested from all sources. The Governor's recommendation also includes authorization for 1.0 new position for the Northern Rhode Island Education Center, 3.0 new advisors within the Community College's enacted authorization, and the shift of 265.0 positions within the University from third-party positions to non-third-party positions.*

Contracted Services. The Council requests \$32.1 million for contracted services for FY 2021, of which \$20.1 million is from unrestricted sources and \$12.1 million is from restricted sources. This is \$1.7 million more than the enacted budget and \$0.1 million more than the FY 2020 revised allocation. Compared to the revised allocation, unrestricted sources increase \$0.6 million or 2.8 percent and restricted sources decrease \$0.5 million or 3.9 percent. *The Governor recommends \$0.1 million less than requested for services at the Office of Postsecondary Commissioner.*

Operating Expenses. The Council requests \$234.5 million for operating expenditures for FY 2021, of which \$101.6 million is from unrestricted sources and \$132.9 million is from restricted sources. This is \$17.3 million more than the FY 2020 enacted budget. Compared to the institutions' FY 2020 revised projections, the unrestricted budget increases by \$4.2 million or 4.3 percent and the restricted budget increases by \$3.3 million or 2.5 percent. *The Governor recommends \$22.0 million more than enacted and \$4.6 million more than requested from all sources. This includes \$7.0 million less than requested from general revenues offset by \$11.6 million more from other sources.*

Grants and Scholarships. The Council requests \$324.8 million for total grants and scholarships for FY 2021, an increase of \$0.8 million or 0.2 percent to the enacted FY 2020 budget and \$8.0 million or 2.5 percent to the revised allocation. The unrestricted budget accounts for \$152.8 million, an increase of \$7.3 million or 5.0 percent to the revised allocation. The restricted budget includes \$172.0 million, a 0.4 percent increase or \$0.7 million to the revised allocation.

The FY 2021 budget includes \$8.3 million for the fourth 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 31.0 percent of the tuition and mandatory fees based on the Council's current service budget. Revised FY 2020 estimates are for 30.9 percent. In FY 2019, that share was 29.7 percent. External student aid also includes the Ford Direct Student Loan and Parent Loan programs at the University. The University requests \$85.0 million related to the Ford Loans for FY 2021.

The Governor recommends \$1.5 million less than requested from all sources. This includes \$1.3 million from general revenues, to reflect a \$1.1 million reduction to the requested amount for the Rhode Island Promise Scholarship and the College Crusade, and \$0.2 million from other sources. The Governor also includes Section 7 of Article 10 the Rhode Island Promise Scholarship program sunset provision; current law requires the Community College and the Commissioner of Postsecondary Education to submit a report evaluating the program based on the first two cohorts on or before July 1, 2020.

The Governor proposes expanding eligibility for the Promise program to include certificate programs, provided the student remains on track to graduate as defined by the Community College. Qualifying certificates must have labor market value as defined by the Office of Postsecondary Commissioner. A

student would also remain eligible for the program following the completion of a certificate program in order to obtain an associate degree, as long as they continued to remain on track to graduate. It does not appear that the recommendation assumes any increased cost for the program as a result of this expansion.

The proposal also excludes funding from the College Crusade's scholarship program and Department of Children, Youth and Families' Higher Education Opportunity grant from that requirement. The recommendation does not appear to account for additional state costs from excluding these sources.

Capital. The Council requests \$44.7 million in total expenditures for capital outlays and improvements for FY 2021. The request includes \$38.6 million from Rhode Island Capital Plan funds, of which \$21.1 million is for asset protection. *The Governor recommends \$13.8 million less than enacted and \$14.4 million less than requested. A detailed description of these projects is included in the Capital Budget section of this publication.*

Debt Service. The Council requests \$70.8 million for total debt service expenses for FY 2021. Of this total, \$49.3 million is unrestricted and is \$0.2 million more than the revised allocation and \$0.2 million more than enacted. General revenues are used to support general obligation bond debt service. *The Governor recommends \$0.3 million less than enacted from all sources, including \$0.9 million less from general revenues for general obligation bond debt service at the College and Community College, offset by \$0.6 million more from other sources.*

Enrollment. Fiscal year 2021 enrollment, based on revised estimates, would be 30,091 full-time equivalent students, which is 0.7 percent less than the enacted FY 2020 level and 8 or 0.03 percent fewer than the revised estimates. Compared to FY 2020 revised estimates, the Council's FY 2021 estimates are consistent at the Community College and the University. The estimates for the College are 223 or 3.4 percent less than the enacted assumption and 8 or 0.1 percent less than the revised estimate. *The Governor's recommendation appears to reflect the Council's enrollment projections.*

Tuition and Fees. The Council's FY 2021 request includes \$483.4 million from tuition and fees. This represents a \$17.1 million or 3.7 percent increase in revenues over the FY 2020 enacted level, and is \$16.7 million or 3.6 percent more than the revised allocation. The Council approved tuition rates for FY 2020 at its October 2019 meeting. These include in-state tuition and mandatory fee increases of 3.0 percent for the University, 7.1 percent for the College, and 3.4 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 \$9.4 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.*

Governance. The 2019 Assembly created a 17 member Board of Trustees for the University effective February 1, 2020. The Governor will appoint all 17 members with the advice and consent of the Senate to serve terms between one and three years. After the initial terms expire, the Governor retains nine appointments, with the advice and consent of the Senate. The remaining eight members would be appointed by the Board. The Article transfers authority for a variety of functions from the Council on Postsecondary Education to the new Board and removes the University from the authority of the Commissioner of Postsecondary Education. It preserves all of the General Assembly's current authority over the University. *The Governor submitted her recommendations for the Board of Trustees on January 24, 2020.*

Office of Postsecondary Commissioner

Office of Postsecondary Commissioner	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,526,477	\$ 3,505,279	\$ 4,587,255	\$ 3,704,771
Contracted Services	1,421,192	1,312,000	1,135,500	1,078,459
Subtotal	\$ 4,947,669	\$ 4,817,279	\$ 5,722,755	\$ 4,783,230
Other State Operating	5,200,956	9,429,949	5,244,866	9,550,814
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	23,061,425	23,061,525	25,214,685	24,006,615
Capital	8,336,387	2,339,500	8,002,887	2,046,000
Capital Debt Service	1,167,750	1,167,750	1,168,250	1,168,250
Operating Transfers	-	-	-	-
Total	\$ 42,714,187	\$ 40,816,003	\$ 45,353,443	\$ 41,554,909
Sources of Funds				
General Revenue	\$ 16,509,011	\$ 16,507,680	\$ 19,035,883	\$ 16,805,575
Tuition and Fees	3,034,680	2,861,782	3,158,950	3,154,580
Other Unrestricted	-	-	-	-
Total Unrestricted	\$ 19,543,691	\$ 19,369,462	\$ 22,194,833	\$ 19,960,155
Restricted	23,170,496	21,446,541	23,158,610	21,594,754
All Sources	\$ 42,714,187	\$ 40,816,003	\$ 45,353,443	\$ 41,554,909
FTE Authorizations				
	30.0	30.0	33.0	31.0
<i>Third-Party Funded Positions</i>	1.0	1.0	1.0	1.0
Total Positions	31.0	31.0	34.0	32.0

Summary. The Council requests \$45.4 million from all sources and 34.0 full-time equivalent positions for the Office of the Postsecondary Commissioner for FY 2021 including \$19.0 million from general revenues, \$8.1 million from federal funds, \$8.7 million from tuition savings fees, and \$2.6 million from restricted sources. This is \$2.6 million more than enacted, including \$2.5 million more from general revenues. The staffing request reflects 3.0 more positions than currently authorized to reflect the addition of 2.0 positions to the Commissioner's Office and 1.0 position for the Northern Rhode Island Higher Education Center.

The Governor recommends \$41.6 million, which is \$1.2 million less than enacted and \$3.8 million less than requested, including \$2.2 million less from general revenues. The Governor recommends 32.0 full-time equivalent positions including 1.0 new operations and facilities manager for the new Northern Rhode Island Education Center.

Staffing. The Office requests authorization for 34.0 full-time equivalent positions, 3.0 more than the authorized level. This includes 2.0 positions for the Commissioner's Office, 1.0 adult learner coordinator and 1.0 academic affairs research assistant, and 1.0 position for the Northern Rhode Island Higher Education Center. In February 2019, the Governor established an Efficiency Commission to identify \$10.0 million of statewide general revenue savings assumed in her FY 2020 budget. The Commission proposed co-locating the Office and the Department of Elementary and Secondary Education with the stated goal being to encourage shared administrative support and allow for closer collaboration. The Office is currently located on Jefferson Boulevard in Warwick. The Governor subsequently requested an amendment to remove \$1.0 million from the Office's FY 2020 budget based on the funding for several positions being eliminated. The Assembly concurred and also reduced the Office's staffing authorization by 6.0 full-time

equivalent positions to reflect how the savings were expected to be achieved. *The Governor recommends 32.0 full-time equivalent positions, 1.0 position more than authorized to reflect the Northern Rhode Island Education Center position.*

Unrestricted Budget. The unrestricted budget includes \$19.0 million from general revenues, which is \$2.5 million more than enacted and \$2.1 million more than the revised request. The increase reflects an additional \$1.4 million for the Rhode Island Promise Scholarship and \$1.2 million for all remaining expenses, primarily staffing costs. *The Governor recommends \$20.0 million in unrestricted expenditures, which is \$0.4 million more than enacted and \$2.2 million less than requested. The recommendation includes \$16.8 million from general revenues, which is \$0.3 million more than enacted and \$2.2 million less than requested.*

Office of Postsecondary Commissioner General Revenues	Changes to Enacted		
	Request	Governor	Difference
Current Year Revisions	\$ 414,948	\$ (1,331)	\$ (416,279)
New Commissioner's Office Positions 2.0 FTE	248,108	-	(248,108)
Other Salaries and Benefits	517,525	(106,796)	(624,321)
Rhode Island Promise	1,163,180	257,439	(905,741)
Shepard Building	26,914	26,914	-
College Crusade Support	199,900	-	(199,900)
Best Buddies	-	-	-
New England Board of Higher Education	-	-	-
Other Operations	(44,203)	103,729	147,932
Nursing Education Center	500	500	-
Total	\$ 2,526,872	\$ 280,455	\$ (2,246,417)

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

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

of FY 2020. On January 3, 2020, the Office noted that original search for a Commissioner was unsuccessful and it is planning to restart its search.

It should be noted that none of the additional expenses were included in either the Office's or the Budget Office's first quarter report, both projected remaining within the enacted appropriation of general revenues.

The Governor recommends \$0.4 million less than requested; all but \$1,276 of the reduction is from general revenues. The Governor's recommendation maintains the enacted level of funding for the Promise Program and includes \$2,607 to reflect statewide medical benefit savings, about half of which is from general revenues.

New Commissioner's Office Positions (2.0 FTE). The Office includes a request for \$0.2 million from general revenues and authorization for 2.0 new positions in the Commissioner's Office, 1.0 adult learner counselor and 1.0 academic affairs research assistant. The counselor would assist with systemwide projects within the Office, such as Free Application for Federal Student Aid completion, a predictable tuition policy, a comprehensive funding plan for public higher education and expanding workplace learning opportunities for post-secondary students. The counselor would work with adults who are reenrolling or enrolling in college or workforce development activities as a coach and reference for available resources. As previously noted, the Assembly reduced the position authorization by 6.0 positions as part of the reduction recommended by the Governor's Efficiency Commission.

The Office's constrained request excludes the positions. *The Governor does not recommend funding or authorization for the new positions.*

Other Salaries and Benefits. The enacted budget assumes \$1.0 million for staffing costs of the Commissioner's Office based on the recommendations of the Governor's Efficiency Commission to co-locate the Office with the Department of Elementary and Secondary Education. The Office is currently located on Jefferson Boulevard in Warwick. The enacted budget also reduced funding for the Office by \$1.0 million and removed 6.0 full-time equivalent positions to reflect how the savings were expected to be achieved.

The Office requests \$1.6 million from general revenues for the salaries and benefits of the 12.0 positions allocated to the Commissioner's Office. The request restores \$0.6 million of the funding removed by the Assembly, making the savings a one-time event. The Office has not yet selected a new commissioner as of December 19, 2019, but has posted four positions during FY 2020 including an assistant commissioner. *The Governor recommends \$0.1 million less than enacted which is \$0.6 million less than requested. As of the pay period ending January 18, 2020, the Office had 9.0 vacancies.*

Rhode Island Promise. 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 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 authorized four cohorts of students beginning in fall 2017 with the last cohort entering in fall 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 \$8.3 million is \$1.2 million more than the revised allocation and \$2.8 million more than FY 2019. This is based on an anticipated increase of 475 in-state students participating and greater retention. The Community College reported an increase of 97 participants for the second and third cohort according to a report submitted in November 2019. *The Governor recommends \$7.2 million which is \$0.9 million less than requested and \$0.3 million more than enacted.*

The increase assumes similar enrollment as FY 2020 and accounts for the tuition increase at the Community College. The Governor also includes Section 7 of Article 10 which removes the sunset provision from the Rhode Island Promise Scholarship program. Current law requires the Community College and the Commissioner of Postsecondary Education to submit a report evaluating the program based on the first two cohorts on or before July 1, 2020.

The Governor proposes expanding eligibility for the Promise program to include certificate programs, provided the student remains on track to graduate as defined by the Community College. Qualifying certificates must have labor market value as defined by the Office of Postsecondary Commissioner. A student would also remain eligible for the program following the completion of a certificate program in order to obtain an associate degree, as long as they continued to remain on track to graduate. It does not appear that the recommendation assumes any increased cost for the program as a result of this expansion.

The proposal also excludes funding from the College Crusade's scholarship program and Department of Children, Youth and Families' Higher Education Opportunity grant from that requirement. The recommendation does not appear to account for additional state costs from excluding these sources.

Dual Enrollment Program. The request includes \$3.1 million from tuition savings fees for the Dual Enrollment program, which is \$0.8 million more than the enacted budget. This program is in its sixth 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. New regulations took effect starting FY 2019. These were necessitated by a lack of oversight for program enrollments and subsequent overspending during FY 2017. 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 2019 Assembly enacted Article 13 of 2019-H 5151, Substitute A as amended, to permit funding from tuition savings fees to be used to support the dual enrollment program. Based on projections, the guaranty agency reserve funds will be exhausted during FY 2021. The requested increase is based on increased program offerings and participation. *The Governor recommends \$3.2 million, \$0.9 million more than enacted and \$0.1 million more than requested, for the Dual Enrollment Program. It is unclear if sufficient funding is available from these sources.*

Last Dollar Scholarship. The request includes \$9.6 million for the Last Dollar Scholarship Program, consistent with the enacted level. This includes \$5.6 million from tuition savings fees and \$4.0 million from federal loan 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 2019 Assembly provided that the lesser of 20.0 percent or \$1.5 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. It should also be noted that based on projected revenues and expenditures, it appears guaranty agency funds, which support this and other programs, will be exhausted during FY 2021. *The Governor recommends \$9.6 million, consistent with the request. It is unclear if sufficient funding is available from these 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. The Office's request of \$10,324 for information technology charges is consistent with the enacted budget; however, the request is \$27,924 less than actual FY 2019 charges. *The Governor recommends \$16,109 more than enacted from general revenues based on Budget Office estimates.*

Shepard Building. The unrestricted budget request includes \$2.2 million for operating expenses for the Shepard Building, an increase of \$26,914 over the enacted budget consistent with the Budget Office current service adjustment. 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. As noted, the Governor's Efficiency Commission proposed co-locating the Office and the Department of Elementary and Secondary Education with the stated goal being to encourage shared administrative support and allow for closer collaboration. The Commission also identified that property as one that should be sold. On January 8, 2020, the Budget Office confirmed the Office would be moving to the Powers Building. *The Governor recommends funding as requested.*

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 2019, 1,011 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. The Office's request includes the enacted amount of \$147,000 from general revenues for the annual fee. *The Governor recommends funding as requested.*

College Crusade Support. The Office requests \$4.1 million to support the operations and scholarship programs offered by The College Crusade, including \$3.5 million from the GEAR-UP federal grant and \$0.6 million from general revenues. This is \$0.2 million more than both the revised request and enacted budget from general revenues; the Office notes this is to offset a decrease in Rhode Island College's scholarships; however, funding for the program follows the student and would not necessarily go to the College. 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 consistent with the enacted budget.*

Veterans Assistance. The Office requests \$0.1 million from federal funds for the All Volunteer Force Education Assistance Grant, this is \$2,685 more than the revised budget to correct an issue with budgeted benefits for the 1.0 position allocated to the grant. This program allows service persons to re-adjust to civilian life after their separation from military service by providing education benefits. *The Governor recommends funding as requested.*

Best Buddies. The Office requested the enacted level of \$75,000 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.*

Other Operations. The request includes \$0.5 million from general revenues for all other Office operations, including legal services, conference lecturers and program supplies. This is \$44,203 less than the revised request, \$25,500 of which relates to a new request for database administration. The Office notes that it currently uses DataSpark paid for by the University to house data and analysis. As the University is separating from the Council, the Office will need to pay DataSpark directly going forward.

The Governor recommends \$0.6 million which is \$0.1 million more than the revised recommendation. This includes the funding for database administration, \$15,000 for legal services, and \$0.1 million more for conference lecturers. The Governor's revised recommendation maintains conference lecturer services at the enacted level of \$91,000 for FY 2020. The FY 2021 recommendation reflects FY 2019 spending which accounts for the additional \$0.1 million.

Other Grant Awards. The Office request \$0.6 million or \$0.3 million less than the enacted budget for other grant awards. This includes \$0.2 million from federal funds, and \$0.3 million from restricted receipts. The federal funding can be used to fund programs which encourage careers in science, technology and engineering by supporting outstanding research by graduate and undergraduate students pursuing studies in areas of naval concern. The restricted receipts include funding from the Lumina Foundation and Walmart for the RI Best at Work program and assists in the Office's Workers Ahead program, a plan to help Rhode Islanders prepare for successful employment with a balance of degrees and credentials. *The Governor recommends \$604 less than requested to reflect statewide medical benefit savings.*

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 \$3.2 million for these expenses of the institutions, \$0.3 million more than the revised request. The Office's revised request includes turnover equivalent to 2.5 positions. The FY 2021 request fully funds the Center's 10.0 positions, consistent with the enacted authorization. *The Governor recommends \$3.2 million which is \$3,094 less than requested to reflect statewide benefit savings.*

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 \$500 more than enacted consistent with the Budget Office current service adjustment. *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 \$4.2 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 funding as requested.*

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 Office requests \$2.2

million from restricted receipts and authorization for 8.0 full-time equivalent positions to staff and operate the Westerly Higher Education and Industry Center. The current request is \$0.3 million less than enacted to reflect actual costs for training services from FY 2019. *The Governor recommends \$1,428 less than requested to reflect statewide medical benefit savings.*

Northern Rhode Island Higher Education Industry Center (1.0 FTE). The Office requests \$3.9 million, which includes \$0.1 million from restricted receipts, authorization for 1.0 new operations and facilities manager at the new Northern Rhode Island Education Center. A similar position was requested for FY 2020, but not approved as a result of the delay in securing a location. The request also includes \$3.8 million from Rhode Island Capital Plan funds. This is \$0.3 million less than enacted and not consistent with the Office's capital request as it maintains the \$3.8 million included for the Northern Rhode Island Higher Education Center in both FY 2020 and FY 2021. The Office notes that the request is only for \$3.8 million, not \$7.6 million. Depending on the timing of a location, the Office will need the \$3.8 million in one of the years, not both.

The Center was approved by the 2018 Assembly, which provided \$4.0 million from Rhode Island Capital Plan funds to construct one or more education centers and added proviso language that state funding shall comprise no more than 50.0 percent of the total cost of the project. Of the provided funding, \$0.2 million has been spent through FY 2019 as the Office has had difficulty finding a location in Woonsocket and has not as of December 2019; there is a separate location which begins operations in Central Falls in January 2020. This Center is financially self-supporting as operating costs are supported by program fees and revenues from leasing the space.

The Governor recommends funding and authorization for the position as requested. From Rhode Island Capital Plan funds, the Governor recommends \$67,500 more than the revised recommendation. This reflects the shift of \$2.0 million to FY 2021 for the Northern Rhode Island Higher Education Center and the removal of \$0.3 million for the Office's asset protection project. A detailed description of these projects is included in the Capital Budget section of this publication.

Division of Higher Education Assistance. The Office requests \$0.4 million from federal funds for all Division operations, including \$0.2 million for staffing expenses and \$29,000 for remaining legal and management services. With the current and requested expenditures, the reserve funding sources will be exhausted by FY 2021. 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 Governor recommends \$0.4 million, which is \$0.1 million more than the request for staffing costs and consistent with the enacted budget. It is unclear if sufficient funding is available from these sources.

University of Rhode Island

University of Rhode Island	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 348,464,584	\$ 344,910,285	\$ 357,660,843	\$ 357,321,049
Contracted Services	22,599,313	24,820,176	25,332,903	25,332,903
Subtotal	\$ 371,063,897	\$ 369,730,461	\$ 382,993,746	\$ 382,653,952
Other State Operating	157,924,047	171,787,303	177,285,268	176,908,133
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	231,438,919	227,417,806	231,885,434	231,609,434
Capital	19,864,192	25,308,598	19,826,065	8,717,829
Capital Debt Service	56,744,561	57,164,623	57,272,083	57,289,049
Operating Transfers	-	-	-	-
Total	\$ 837,035,616	\$ 851,408,791	\$ 869,262,596	\$ 857,178,397
Sources of Funds				
General Revenue	\$ 115,225,106	\$ 118,264,683	\$ 121,084,970	\$ 115,720,292
Tuition and Fees	339,954,061	334,477,118	344,186,004	348,589,854
Other Unrestricted	37,962,539	38,112,052	38,980,264	38,980,264
Total Unrestricted	\$ 493,141,706	\$ 490,853,853	\$ 504,251,238	\$ 503,290,410
Restricted	343,893,910	360,554,938	365,011,358	353,887,987
All Sources	\$ 837,035,616	\$ 851,408,791	\$ 869,262,596	\$ 857,178,397
FTE Authorizations				
	1,932.2	2,197.2	2,208.9	2,197.2
<i>Limited to Third-Party Funds</i>	622.8	357.8	357.8	357.8
Total	2,555.0	2,555.0	2,566.7	2,555.0

Summary. The University requests \$869.3 million and 2,566.7 full-time equivalent positions for FY 2021, an increase of \$32.2 million or 3.9 percent from the FY 2020 enacted budget and an increase of \$26.5 million or 3.1 percent from the revised allocation. General revenues, requested at \$121.1 million, are \$5.9 million more than both the enacted budget and the revised allocation. Compared to the enacted budget, restricted expenditures are \$21.1 million more, which mainly reflects increased sponsored research funding. The staffing request includes 11.7 full-time equivalent positions more than the enacted authorization.

The 2019 Assembly included legislation in Article 9 of the FY 2020 budget to create a 17 member Board of Trustees for the University. The Governor will appoint all 17 members with the advice and consent of the Senate to serve terms between one and three years. After the initial terms expire, the Governor retains nine appointments, with the advice and consent of the Senate. The remaining eight members would be appointed by the Board. The Article transfers authority for a variety of functions from the Council on Postsecondary Education to the new Board and removes the University from the authority of the Commissioner of Postsecondary Education effective February 1, 2020. It preserves all of the General Assembly's current authority over the University.

The Governor recommends \$857.2 million from all sources, which is \$20.1 million more than enacted and \$12.1 million less than requested. The recommendation includes \$115.7 million from general revenues, which is \$0.5 million more than enacted and \$5.4 million less than requested. The Governor recommends 2,555.0 full-time equivalent positions, consistent with the enacted budget.

Tuition and Enrollment. The FY 2021 budget request includes a tuition and fee increase equal to \$438 for all in-state students, or 3.0 percent, and \$892 for all out-of-state students, or 2.8 percent. The request also includes an increase of 2.5 percent, or \$314 for average room and board costs. In-state enrollment is projected to decrease from 7,489 to 7,471, a decrease of 0.2 percent or 18 full-time equivalent students and out-of-state enrollment is projected to increase from 7,205 to 7,276, and increase of 1.0 percent or 71 full-time equivalent students. This represents a total increase of 0.4 percent or 53 full-time equivalent students.

Similar to its last three 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 at its October 2019 meeting.

University Undergraduate				
Tuition and Fees	FY 2020	FY 2021	Change to FY 2020	
Resident				
Tuition	\$ 12,590	\$ 12,922	\$ 332	2.6%
Fees	1,976	2,082	106	5.4%
Total	\$ 14,566	\$ 15,004	\$ 438	3.0%
Nonresident				
Tuition	\$ 29,710	\$ 30,496	\$ 786	2.6%
Fees	1,976	2,082	106	5.4%
Total	\$ 31,686	\$ 32,578	\$ 892	2.8%
Average Room and Board	\$ 12,688	\$ 13,002	\$ 314	2.5%
Undergraduate and Graduate Enrollment				
In-State	7,489	7,471	(18)	-0.2%
Out-of-State	7,205	7,276	71	1.0%
Total	14,694	14,747	53	0.4%

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$4.4 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 accounts for all but \$1.0 million of the difference between requested general revenues and the amount recommended by the Governor. The remaining reduction of \$1.0 million reflects not funding new initiatives requested by the University.

Staffing. The request for 2,566.7 full-time equivalent positions is 11.7 more than the enacted level, all 11.7 positions are for the unrestricted budget. The University's FY 2020 revised request includes 10.7 positions all related to the expansion of University of Rhode Island Online, which are also included in the FY 2021 request. The FY 2021 request also adds one sports marketing position for the total increase of 11.7 positions. The University's requests for FY 2020 revised and FY 2021 reallocate positions between third-party and its non-third-party staffing levels to address a problem with its current position reporting where its staffing is over the authorized level. Auxiliary enterprise positions had been incorrectly reported as third-party prior to FY 2020. As they are now being reported correctly, the University exceeds its non-third-party authorization. The request shifts 265.0 third-party full-time equivalent positions to non-third-party positions. There would still be vacancies in both limits with this shift.

The Governor recommends authorization for 2,555.0 full-time equivalent positions, consistent with the enacted level. She also recommends the requested shift of 265.0 positions.

Unrestricted Budget. Including the State Crime Lab, the unrestricted budget accounts for \$504.3 million, an increase of \$11.1 million or 2.3 percent over the enacted budget and \$16.4 million or 3.4 percent over

the revised allocation. Sources of funds for the increase from the revised budget include \$5.9 million more from general revenues, \$9.7 million more from tuition and fees and \$0.9 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 \$0.2 million less than the unconstrained request, including \$9.5 million less from general revenues offset by \$9.5 million more from tuition. As in its last three requests, 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 \$503.3 million in unrestricted expenditures, which is \$10.1 million more than enacted and \$1.0 million less than requested. General revenues are \$0.5 million more than enacted and \$5.4 million less than requested. The Governor's recommendation replaces \$4.4 million of the \$5.4 million general revenue shortfall to the request with other unidentified unrestricted resources. The remaining reduction of \$1.0 million reflects not funding new initiatives requested by the University. The recommendation 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	\$ (5,327,430)	\$ (2,287,853)	\$ 3,039,577
Sports Marketing Coordinator (1.0 FTE)	102,129	-	(102,129)
Graduate Teaching Expansion	514,000	514,000	-
Other Salaries and Benefits	9,604,016	9,366,351	(237,665)
Utilities	681,395	681,395	-
Debt Service	572,386	(2,450,225)	(3,022,611)
Student Aid	4,328,098	4,052,098	(276,000)
Technology	247,690	112,690	(135,000)
State Crime Lab	24,959	9,824	(15,135)
Other Operations	362,289	150,424	(211,865)
Total	\$ 11,109,532	\$ 10,148,704	\$ (960,828)

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 \$5.3 million or 1.0 percent less from unrestricted sources than enacted. This includes \$5.5 million or 1.6 percent less than enacted from tuition and fees to revise expected revenues, the enacted level from general revenues, and \$0.1 million more from other University sources. Additional sources include earned interest, athletics, and revenue from University centers. The Governor's recommendation for FY 2020 replaced a \$6.7 million general revenue shortfall to the request with other

unidentified unrestricted resources assuming the University would generate more revenue than its projection, or constrain spending from the request in order not to exceed available resources. The majority of the revision, \$3.6 million is from maintaining vacancies at the University, while the remainder is a result of \$1.8 million less for unrestricted student aid.

The University also requests an increase to its full-time equivalent position authorization by 10.7 positions related to the expansion of University of Rhode Island Online. Additionally, the request also reallocates positions between third-party and its non-third-party authorizations to address a problem with its current position reporting where its staffing is over the authorized level. Auxiliary enterprise positions had been incorrectly reported as third-party prior to FY 2020. As they are now being reported correctly, the University exceeds its non-third-party authorization. The request shifts 265.0 third-party full-time equivalent positions to non-third-party positions. There would still be vacancies in both caps with this shift.

The Governor recommends \$3.0 million more than requested from general revenues for general obligation bond debt service. Additionally, she recommends the requested shift of 265.0 full-time equivalent positions. She does not recommend the additional 10.7 positions for the expansion of the University's online program. The revised recommendation does not include statewide medical benefit savings from any source while the FY 2021 recommendation does account for these savings. The value appears to be \$0.5 million from unrestricted sources.

Sports Marketing Coordinator (1.0 FTE). Unrestricted expenditures increase \$0.1 million and the University requests authorization for 1.0 new sports marketing coordinator. The University notes that this would be a joint position between athletics and communications. The position would be responsible for the production and distribution of media for all live home events in accordance with appropriate conferences. The University notes that it is one of two schools out of 24 schools without any full-time staff dedicated to video streaming for either the Atlantic 10 or the NCAA Colonial Athletic Association Conference. *The Governor does not recommend authorization for the new position.*

Graduate Teaching Expansion. 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 third 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.*

Other Salaries and Benefits. Excluding the new positions discussed previously, the unrestricted budget includes \$269.3 million for all other unrestricted faculty and staff expenditures. The request is \$9.9 million or 3.8 percent more than the revised allocation. The increase reflects updated benefits consistent with Budget Office planning values, step increases, and salary and benefit adjustments consistent with settled contract negotiations. In the current year, the University requests an increase to its authorization of 10.7 full-time equivalent positions related to the expansion of University of Rhode Island Online. These positions are also included in the FY 2021 request.

The University's constrained request includes the reduction of \$8,750 for salary and benefit expenses for the School of Oceanography. *The Governor does not recommend the new positions in the current year and recommends \$0.2 million less than requested to reflect statewide medical benefit savings which appears to understate available savings. Savings should be similar to the revised value of \$0.5 million.*

Utilities. The unrestricted budget includes \$12.4 million for utility costs, \$0.7 million or 5.8 percent more than the FY 2020 revised allocation. The request is \$2.1 million or 20.0 percent more than reported spending in FY 2019. The increase includes estimated future usage for the new engineering building as

well as other new buildings or additions which will become usable over the course of FY 2020. *The Governor recommends funding as requested.*

Debt Service. The unrestricted request includes \$38.7 million for debt service costs, \$0.6 million more than the revised allocation. The unrestricted budget includes \$30.5 million in debt service payments on general obligation bonds, \$4.9 million for revenue bonds, and \$2.6 million through Certificates of Participation for the University's energy performance contract upgrades. The increase includes \$0.1 million more for payments on revenue bonds and \$0.5 million more for the University's energy efficiency upgrades. *The Governor recommends \$38.1 million which is \$3.0 million less than FY 2020. This includes \$30.6 million from general revenues and \$7.5 million from other unrestricted sources.*

Student Aid. The unrestricted budget includes \$127.2 million for student aid, which is \$4.0 million or 3.3 percent greater than the FY 2020 revised allocation and 12.4 percent greater than FY 2019 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 2020 through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The University provided Last Dollar Scholarship grant funds to 3,345 students with an average award of \$771 during FY 2019. Grant funds were provided to 3,181 students during the fall 2019 semester, an average award of \$817. It should also be noted that based on projected revenues and expenditures, it appears guaranty agency funds which support this and other programs, will be exhausted during FY 2021. *The Governor recommends \$120.9 million which is \$0.3 million less than requested to reflect an unidentified reduction to unrestricted sources.*

Technology. The unrestricted budget includes \$8.2 million for technology expenditures, which is \$0.2 million more than the revised allocation. The request includes \$0.4 million in new expenditures for University-identified information technology initiatives: \$0.1 million each for a learning management system, an eProcurement system, and a risk-based information security program. The University argues that the new learning management system is required as its current system is outdated, that the security program would ensure compliance with the Rhode Island Identity Theft Act, and that the eProcurement system will lead to direct savings as a smaller purchasing team would be able to function with a newer platform. The request is essentially consistent with FY 2019 spending. *The Governor recommends \$8.0 million which is \$135,000 less than requested. The reduction aligns with the cost of the risk-based information security program and keeps the recommendation within the current service level for the University.*

State Crime Lab. The unrestricted budget includes \$1.3 million for the State Crime Lab and its 10.0 authorized positions, \$24,959 more than the revised allocation. The increase reflects current service adjustments.

The constrained budget request reduces general revenues by \$0.1 million and requests that a like amount of funding be provided from an alternate source. The Crime Lab 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 indicated that this practice was enacted in 1978 legislation, but repealed in 1984. The Crime Lab indicated 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, FY 2019, and FY 2020 constrained budget requests. *The Governor recommends \$15,135 less than requested to reflect a reduction to unidentified operating expenses.*

Other Operations. Excluding the items noted previously, the unrestricted budget includes \$54.8 million for all other operating and contracted services expenditures. These expenses include \$10.7 million for contracted lecturers, \$10.3 million for overhead expenses, \$5.5 million for subscription expenses, dues and fees, \$7.1 million for all building, grounds, and maintenance services, \$4.2 million for travel, \$2.9 million for leases and rentals, \$6.9 million for program supplies and equipment, \$2.6 million for advertising, \$2.1 million for insurance, and \$1.8 million for all remaining expenses. This is \$0.4 million or 0.7 percent more than the revised allocation and 9.7 percent less than spent in FY 2019. Excluding one-time construction costs from FY 2019, the request is 2.9 percent less. *The Governor recommends \$54.6 million which is \$0.2 million less than requested.*

Restricted Budget. The restricted budget request is for \$365.0 million, which is \$21.1 million or 6.1 percent more than enacted and \$10.1 million or 2.8 percent more than the revised allocation. The increase to the enacted budget includes \$19.9 million more for sponsored research programs, and \$1.4 million more for capital expenditures funded from Rhode Island Capital Plan funds. *The Governor recommends \$10.0 million more than enacted which is \$11.1 million less than requested. The reduction to the request relates to Rhode Island Capital Plan funds.*

Restricted Student Aid. The restricted budget includes \$105.6 million for external student aid from restricted sources, 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 \$2.3 million less than enacted but consistent with the revised allocation. *The Governor recommends funding as requested.*

Restricted Capital. The restricted budget includes \$19.6 million for capital improvements funded by Rhode Island Capital Plan funds. The request includes \$1.5 million to begin Phase II of fire protection upgrades throughout academic buildings, \$3.4 million for mechanical, engineering and plumbing upgrades, \$0.2 million for ongoing renovations of the Fine Arts Center, and \$14.5 million for asset protection projects. This is \$1.4 million more than enacted and is consistent with the capital request. *The Governor recommends \$11.1 million less than requested. A detailed description of these projects is included in the Capital Budget section of this publication.*

Restricted Sponsored Research. The restricted budget includes \$114.3 million from sponsored research funding, which is \$19.9 million more than enacted. The budget reflects account awards in hand or anticipated as well as current and future proposals. The increase includes \$2.0 million for staffing, \$0.7 million for contracted services, \$0.3 million for graduate assistantships and fellowships. The remaining increase is for operating costs associated with this sponsored research. *The Governor recommends funding as requested.*

Restricted Operations. The restricted budget includes \$125.4 million for all other restricted expenses for auxiliary and enterprise operations, including debt service. The request is \$2.1 million more than enacted, reflecting increases for dining and housing services as the Hope Commons renovations are being completed and the White Horn Brook Apartments is planned to open in spring 2020. *The Governor recommends funding as requested.*

Rhode Island College

Rhode Island College	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 111,965,221	\$ 109,844,247	\$ 116,212,565	\$ 115,888,647
Contracted Services	2,810,099	3,018,466	2,874,843	2,874,843
Subtotal	\$ 114,775,320	\$ 112,862,713	\$ 119,087,408	\$ 118,763,490
Other State Operating	32,619,206	29,019,850	31,018,077	32,206,571
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	35,910,195	32,696,824	34,235,071	34,235,071
Capital	8,428,020	11,960,851	7,820,400	7,820,400
Capital Debt Service	10,064,642	10,229,003	10,089,267	9,613,652
Operating Transfers	-	-	-	-
Total	\$ 201,797,383	\$ 196,769,241	\$ 202,250,223	\$ 202,639,184
Sources of Funds				
General Revenue	\$ 58,020,333	\$ 58,178,646	\$ 63,020,333	\$ 57,878,556
Tuition and Fees	81,721,927	80,013,242	85,236,261	89,111,756
Other Unrestricted	9,570,555	3,796,900	3,248,854	3,796,900
Total Unrestricted	\$ 149,312,815	\$ 141,988,788	\$ 151,505,448	\$ 150,787,212
Restricted	52,484,568	54,780,453	50,744,775	51,851,972
All Sources	\$ 201,797,383	\$ 196,769,241	\$ 202,250,223	\$ 202,639,184
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 \$202.3 million from all sources and 949.2 full-time equivalent positions. This is an increase of \$0.5 million or 0.2 percent from the enacted budget and an increase of \$5.2 million or 2.6 percent from the revised allocation. General revenues, requested at \$63.0 million, are \$5.0 million more than both the enacted budget and the revised allocation. Compared to the enacted budget, restricted source expenditures are \$1.7 million less. The staffing request is consistent with the current authorized levels, restricting 76.0 positions to third-party funding.

The Governor recommended \$202.6 million from all sources, which is \$0.8 million more than enacted and \$0.4 million more than requested. The recommendation includes \$57.9 million from general revenues, which is \$0.1 million less than enacted and \$5.1 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 \$682 for all in-state students, or 7.1 percent, and \$1,692 for all out-of-state students, or 7.3 percent. The Council also approved an increase of 3.9 percent, or \$483, for average room and board costs. In-state enrollment is projected to decrease 3.4 percent or 223 full-time equivalent students and out-of-state enrollment is projected to decrease 3.3 percent or 40 full-time equivalent students. This represents a total decrease of 263 full-time equivalent students. 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 next table at its October 2019 meeting.

College Undergraduate				
Tuition and Fees	FY 2020	FY 2021	Change to FY 2020	
Resident				
Tuition	\$ 8,218	\$ 8,835	\$ 617	7.5%
Fees	1,360	1,425	65	4.8%
Total	\$ 9,578	\$ 10,260	\$ 682	7.1%
Nonresident				
Tuition	\$ 21,683	\$ 23,310	\$ 1,627	7.5%
Fees	1,360	1,425	65	4.8%
Total	\$ 23,043	\$ 24,735	\$ 1,692	7.3%
Average Room and Board	\$ 12,349	\$ 12,832	\$ 483	3.9%
Undergraduate and Graduate Enrollment				
In-State	6,610	6,387	(223)	-3.4%
Out-of-State	1,207	1,167	(40)	-3.3%
Total	7,817	7,554	(263)	-3.4%

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$4.4 million more than requested from tuition and fees or other unrestricted sources. To close the gap, the College would have to generate more revenue than current projections or constrain spending from the request in order not to exceed available resources. This gap accounts for all but \$0.7 million of the difference between requested general revenues and the amount recommended by the Governor. The remaining reduction of \$0.7 million reflects not funding new initiatives requested by 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.

Unrestricted Budget. The unrestricted budget accounts for \$151.5 million, which is an increase of \$2.2 million or 1.5 percent from the enacted budget and \$9.5 million or 6.7 percent from the revised allocation. Sources of funds for the increase from the revised allocation include \$5.0 million more from general revenues, \$5.1 million more from tuition and fees, and \$0.5 million less 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 College did not submit an official constrained budget but College proposes further tuition rate increases to offset the general revenue reduction contained in the budget target instead of making expenditure reductions. The proposed tuition rate increase of 18.75 percent would equate to additional revenues of \$7.7 million.

College	Changes to Enacted		
	Request	Governor	Difference
Current Year Revisions	\$ (7,334,291)	\$ (7,324,027)	\$ 10,264
Salaries and Benefits	5,893,363	5,797,723	(95,640)
Student Aid	1,538,247	1,538,247	-
Debt Service	17,708	(615,152)	(632,860)
Recruitment and Promotion Initiative	571,000	571,000	-
Technology	658,599	658,599	-
Other Operations	848,007	848,007	-
Total	\$ 2,192,633	\$ 1,474,397	\$ (718,236)

The Governor recommends \$150.8 million in unrestricted expenditures, which is \$1.5 million more than enacted and \$0.7 million less than requested. General revenues are \$0.1 million less than enacted and \$5.1 million less than requested. The Governor's recommendation replaces \$4.4 million of the general revenue shortfall to the request with other unidentified unrestricted resources. The remaining reduction of \$0.7 million reflects not funding new initiatives requested by the College. The recommendation assumes the College will generate more revenue than its current projection, or constrain spending from the request in order not to exceed available resources.

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 \$142.0 million, \$7.3 million less than enacted. This includes \$1.6 million or 1.9 percent less from tuition and fees, and \$5.8 million less from other unrestricted sources. The enacted budget assumes that the College would generate \$1.7 million in revenue from its unrestricted sources or constrain spending to not exceed available resources. The enacted budget also assumes enrollment of 6,432; however, the revised enrollment shows a 3.3 percent decrease equivalent to 215 students, the majority of which are in-state students. To accommodate the lower revenues, the revised request includes \$2.1 million less than enacted for salaries and benefits by keeping vacant positions open, \$1.6 million less for student aid consistent with lower enrollments, \$0.1 million less for capital expenses, and \$3.5 million less for operating expenses. *The Governor recommends \$0.2 million more for general obligation bond debt service offset by a similar reduction to unidentified unrestricted sources. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.2 million from unrestricted sources.*

Salaries and Benefits. Unrestricted expenditures for salaries and benefits total \$101.0 million, \$5.9 million or 6.2 percent more than the revised allocation. The increase includes \$1.2 million to fund 12.0 of the 28.0 positions left vacant as part of the revised allocation, \$2.8 million for salary and benefit adjustments consistent with settled contract negotiations, and funding set aside pending successful negotiations of remaining contracts. The enacted budget assumed \$2.2 million for pending negotiations, the actual terms of the contract required \$2.4 million, a difference of \$246,592. *The Governor recommends \$0.1 million less than requested to reflect statewide medical benefit savings which appears to understate available savings. Savings should be similar to the revised value of \$0.2 million.*

Student Aid. The unrestricted budget includes \$18.6 million for student aid, which is \$1.5 million or 9.0 percent greater than the FY 2020 allocation and \$0.1 million or 0.4 percent less than enacted. The additional funding is consistent with the tuition and fee increases and the decrease to 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 2020 through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The College provided Last Dollar Scholarship grant funds to 467 students with an average award of \$3,941 during FY 2019. Grant funds were provided to 516 students during the fall 2019 semester, an average award of \$4,846. It

should also be noted that based on projections, it appears guaranty agency funds, which support this and other programs, will be exhausted during FY 2021. *The Governor recommends funding as requested.*

Debt Service. The unrestricted budget includes \$7.7 million for debt service costs, \$17,708 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 \$6.2 million on general obligation bonds accounts for most of the cost. The request also includes \$20,300 more for payments on the College's energy efficiency upgrades. *The Governor recommends \$7.2 million, which is \$0.6 million less than the revised recommendation and relates to a reduction to general obligation bond debt service.*

Recruitment and Promotion Initiative. The College requests \$0.6 million for recruitment and promotion initiatives. This includes \$0.3 million for recruitment specific work and \$0.2 million for new marketing and promotion work. The College notes that much of this funding would help sustain and expand its Northeast Neighbors recruitment initiative. Funding will allow the College to reach its target audience through producing and implementing digital and social advertising campaigns, text messaging outreach, additional printing and mailing, and college search engine advertising opportunities. The College believes this work will produce increased enrollment. *The Governor recommends funding as requested.*

Technology. The unrestricted budget includes \$3.9 million for technology expenditures which is \$0.7 million more than the revised allocation. The request includes \$0.8 million for new expenditures for College-identified information technology initiatives. Increases include \$0.4 million for fixed costs relating to technological projects that are underway and \$0.4 million for new investments. The largest single increase is to the College's computer refresh budget, which accounts for \$0.3 million of the total. This would provide \$0.4 million for refreshing computers. The College notes that it has cut the computer refresh to \$0.2 million annually over the last three fiscal years for budget savings; it previously was \$0.4 million. According to the College, an institution of its size should have \$0.7 million annually for a computer refresh budget. *The Governor recommends funding as requested.*

Other Operations. Excluding the items noted previously, the unrestricted budget includes \$19.6 million for all other operations and contracted services which is \$2.7 million or 12.1 percent less than enacted. This is also \$0.8 million or 4.5 percent more than the revised allocation and includes \$0.1 million for utilities, \$0.1 million for insurance, \$0.1 million for capital purchases, and \$0.4 million for program supplies. This is \$2.0 million or 11.6 percent more than FY 2019 spending. *The Governor recommends funding as requested.*

Restricted Budget. The restricted budget request is for \$50.7 million, which is \$1.7 million or 3.3 percent less than enacted and \$4.4 million less than the revised allocation. Compared to the enacted budget, the request includes \$0.7 million more for capital expenditures funded from Rhode Island Capital Plan funds, consistent with the capital request, and \$1.3 million less for capital projects funded from auxiliary balances. There is also a \$0.1 million decrease to contracted services and a \$1.6 million decrease to student aid. These decreases are partially offset by \$0.4 million more for staffing and \$0.2 million for other operating costs.

All four auxiliary programs used prior year balances for FY 2019 totaling \$4.6 million. The bookstore used \$0.2 million, residential life \$2.4 million, dining \$1.5 million, and the student union \$0.5 million. The College's request includes efforts to bring these funds back into balance. For residential life, dorm capital projects were halted and the budget includes an increase to room and board rates. For dining and the student union, the College requests fee increases, 2.5 percent and 3.5 percent respectively, and halted capital projects. *The Governor recommends \$0.6 million less than enacted which is \$1.1 million more than requested. The increase over the request reflects sponsored research funding for the College. The College indicates that this recommendation overstates available funds and has reached out to the Budget Office to correct this inflation.*

Community College of Rhode Island

Community College of Rhode Island	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 97,552,621	\$ 97,319,096	\$ 100,650,674	\$ 100,469,332
Contracted Services	3,584,587	2,790,726	2,789,576	2,789,576
Subtotal	\$ 101,137,208	\$ 100,109,822	\$ 103,440,250	\$ 103,258,908
Other State Operating	21,393,477	20,862,926	20,928,681	20,459,593
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	33,666,369	33,447,505	33,513,847	33,513,940
Capital	7,478,816	9,978,518	9,066,391	11,716,391
Capital Debt Service	2,703,342	2,703,342	2,320,070	2,320,070
Operating Transfers	-	-	-	-
Total	\$ 166,379,212	\$ 167,102,113	\$ 169,269,239	\$ 171,268,902
Sources of Funds				
General Revenue	\$ 53,896,408	\$ 53,896,408	\$ 55,912,817	\$ 54,014,806
Tuition and Fees	57,427,074	56,350,302	58,359,421	58,957,095
Other Unrestricted	6,217,423	5,147,500	5,249,372	5,249,372
Total Unrestricted	\$ 117,540,905	\$ 115,394,210	\$ 119,521,610	\$ 118,221,273
Restricted	48,838,307	51,707,903	49,747,629	53,047,629
All Sources	\$ 166,379,212	\$ 167,102,113	\$ 169,269,239	\$ 171,268,902
FTE Authorizations				
	760.1	760.1	760.1	760.1
<i>Limited to Third-Party Funds</i>	89.0	89.0	89.0	89.0
Total	849.1	849.1	849.1	849.1

Summary. The Community College requests \$169.3 million from all sources and 849.1 full-time equivalent positions for FY 2021. This is an increase of \$2.0 million or 1.7 percent from the enacted budget and an increase of \$4.1 million or 3.6 percent from the revised allocation. General revenues, requested at \$55.9 million, are \$2.0 million more than the revised allocation and consistent with the enacted budget. Compared to the enacted budget, restricted source expenditures are \$0.9 million more. The staffing request is consistent with the enacted authorization with 89.0 positions restricted to third-party sources.

The Governor recommends \$171.3 million from all sources, which is \$4.9 million more than enacted and \$2.0 million more than requested. The recommendation includes \$54.0 million from general revenues, which is \$0.1 million more than enacted and \$1.9 million less than requested. The Governor recommends 849.1 full-time equivalent positions, consistent with the enacted budget.

Tuition and Enrollment. The Council approved a tuition and fee increase equal to \$160 for all in-state students, or 3.4 percent, and \$394 for all out-of-state students, or 3.1 percent. Enrollment is projected to increase be equivalent with the enacted budget with 9,135 full-time equivalent students. The Council on Postsecondary Education approved the tuition rates in the tables that follow at its October 2019 meeting.

Included in the request and approved by the Council is a \$30 new mandatory fee for campus services. The Community College notes that this will effectively replace its student union fee which has not been charged since FY 2016. It should also be noted that tuition increased that year by 9.0 percent. The Community College's budget submission notes that the new fee would be used to supplement the cost of improving the

dining experience and adjacent student environments at the four campuses, as well as implementing an alternative for students to purchase a pre-paid dining fee card.

Community College				
Tuition and Fees	FY 2020	FY 2021	Change to FY 2020	
Resident				
Tuition	\$ 4,284	\$ 4,414	\$ 130	3.0%
Fees	416	446	30	7.2%
Total	\$ 4,700	\$ 4,860	\$ 160	3.4%
Nonresident				
Tuition	\$ 12,128	\$ 12,492	\$ 364	3.0%
Fees	416	446	30	7.2%
Total	\$ 12,544	\$ 12,938	\$ 394	3.1%
Enrollment	9,135	9,135	-	0.0%

The Governor's budget assumes tuition and mandatory fee increases consistent with the Council's approved rates. The Governor's budget includes \$0.6 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.

Staffing. The Community College's request for 849.1 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.

Unrestricted Budget. The unrestricted budget accounts for \$119.5 million, which is \$2.0 million or 1.7 percent more than the enacted budget and \$4.1 million or 3.6 percent more than the revised allocation. Sources of funds for the increase to the revised allocation include \$2.0 million more from general revenues, \$2.0 million more from tuition and fees and \$0.1 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 Community College's constrained request removes \$1.3 million related to new initiatives which were included in the unconstrained request. These items are noted in the analysis where appropriate.

Community College	Changes to Enacted		
	Request	Governor	Difference
Current Year Revisions	\$ (2,146,695)	\$ (2,146,695)	\$ -
New Student Development Advisors (5.0 FTE)	450,000	268,995	(181,005)
Other Salaries and Benefits (-5.0 FTE)	3,088,026	3,087,689	(337)
Professional Development	100,000	-	(100,000)
Strategic Marketing	100,000	-	(100,000)
Cybersecurity	650,000	-	(650,000)
Student Aid	69,632	69,632	-
Debt Service	(383,272)	(383,272)	-
Other Operations	53,014	(215,981)	(268,995)
Total	\$ 1,980,705	\$ 680,368	\$ (1,300,337)

The Governor recommends \$118.2 million in unrestricted expenditures, which is \$0.7 million more than enacted and \$1.3 million less than requested. General revenues are \$0.1 million more than enacted and \$1.9 million less than requested. The Governor's recommendation replaces the \$1.9 million general revenue shortfall to the request with \$0.6 million from other, unidentified unrestricted resources. The

remaining reduction of \$1.3 million reflects not funding new initiatives requested by the Community College. 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.

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 requests \$2.1 million or 1.8 percent less than enacted from unrestricted sources. This includes \$1.1 million or 1.9 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$1.1 million less from other unrestricted sources. The reduction to other unrestricted sources aligns expected revenues with those reported for FY 2019. The reduction to tuition and fees represents that the enacted budget assumes that the Community College would generate \$1.0 million in revenue from its unrestricted sources or constrain spending to not exceed available resources. The revised enrollment projection assumes 9,135 full-time equivalent students, consistent with the enacted budget. The revised allocation includes \$0.8 million less than enacted for salaries and benefits, \$0.8 million less for contracted services, \$0.2 million less in unrestricted student aid, and \$0.4 million less for other operating expenses. *The Governor recommends funding as requested. The recommendation does not include statewide medical benefit savings from any source. The value appears to be \$0.2 million from unrestricted sources.*

New Student Development Advisors (5.0 FTE). The Community College includes a request of \$450,000 for 5.0 new student development advisor positions for FY 2021. There are currently 25 full-time and 3 part-time advisors as part of the Community College's advisory staff. The request would bring the ratio of students to advisors from 600:1 to about 500:1. The request notes that high performing community colleges have a ratio closer to 350:1. The request reflects funding for the entire year. *The Governor recommends \$0.3 million from unrestricted sources for 3.0 new student development advisors.*

Other Salaries and Benefits (-5.0 FTE). Unrestricted expenditures for salaries and benefits total \$93.9 million, \$3.1 million or 3.4 percent more than the revised allocation. The increase reflects salary and benefit adjustments consistent with settled contract negotiations. The request also reflects a reduction of 5.0 unidentified and unfunded vacant full-time equivalent positions to offset the new student development advisor positions mentioned previously. It should be noted that as part of the enacted FY 2020 budget, the Assembly reduced the Community College's authorization by 5.0 full-time equivalent positions.

The request increases salary and benefit expenses from the enacted budget by \$2.7 million. Of this funding, \$2.0 million is for cost-of-living adjustments and \$1.0 million is for fringe benefit rate increases. These increases are offset by \$0.2 million of savings from maintaining vacancies. The Community College notes there is no funding set aside for any contract negotiations as all of its current contracts will persist through FY 2021. The Community College of Rhode Island Faculty Association was the last outstanding contract, which was approved in December 2019. *The Governor recommends \$337 less than requested to reflect*

statewide medical benefit savings which appears to understate available savings. Savings should be similar to the revised value of \$0.2 million.

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 and must commit to remaining in Rhode Island after graduation. The program authorized four cohorts of students beginning in FY 2018 with the last cohort entering in fall 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 \$8.3 million is \$1.2 million more than the revised allocation and \$2.8 million more than FY 2019. This is based on an anticipated increase of 475 first-time, full-time, in-state students participating. The Community College reported an increase of 97 first-time, participants for the second and third cohort according to a report submitted in November 2019. The following table illustrates the experience of the Promise program for the first two full years, FY 2018 and FY 2019. The table’s data comes from the November and May updated reports submitted by the Community College.

Promise Experience FY 2018 and FY 2019					
	Nov. Update	May Update	Final	Change from Nov.	
FY 2018					
Average Award	\$ 2,309	\$ 2,308	\$ 2,308	\$	(1)
Promise Students	1,291	1,324	1,292		1
Total	\$ 2,980,919	\$ 3,055,792	\$ 2,981,086	\$	167
FY 2019					
Average Award	\$ 2,353	\$ 2,345	\$ 2,345	\$	(8)
Promise Students	2,467	2,387	2,387		(80)
Total	\$ 5,804,851	\$ 5,597,515	\$ 5,597,515	\$	(207,336)
Total	\$ 8,785,770	\$ 8,653,307	\$ 8,578,601	\$	(207,169)

The Governor recommends \$7.2 million which is \$1.1 million less than requested and \$0.3 million more than enacted. The increase assumes similar enrollment as FY 2020 and accounts for the tuition increase at the Community College. The Governor also includes Section 7 of Article 10 which removes the sunset provision from the Rhode Island Promise Scholarship program; current law requires the Community College and the Commissioner of Postsecondary Education to submit a report evaluating the program based on the first two cohorts on or before July 1, 2020.

The Governor also proposes expanding eligibility for the Promise program to include certificate programs, provided the student remains on track to graduate as defined by the Community College. Qualifying certificates must have labor market value as defined by the Office of Postsecondary Commissioner. A student would also remain eligible for the program following the completion of a certificate program in order to obtain an associate degree, as long as they continued to remain on track to graduate. It does not appear that the recommendation assumes any increased cost for the program as a result of this expansion.

The proposal also excludes funding from the College Crusade’s scholarship program and Department of Children, Youth and Families’ Higher Education Opportunity grant from that requirement. The recommendation does not appear to account for additional state costs from excluding these sources.

The next table illustrates similar data as the prior table, using the Governor's recommendations for FY 2020 revised and FY 2021.

Promise Recommendations FY 2020 and FY 2021			
	Nov.	Governor	Change
FY 2020	Update	Revised	from Nov.
Average Award	\$ 2,350	\$ 2,350	\$ -
Promise Students	3,058	2,969	(89)
Total	\$ 7,186,300	\$ 6,976,425	\$ (209,875)
	OPC	Governor	Change
FY 2021	Request	Recommended	from Request
Average Award	\$ 2,430	\$ 2,420	\$ (10)
Promise Students	3,436	2,989	(447)
Total	\$ 8,349,480	\$ 7,233,864	\$ (1,115,616)
Total	\$ 15,535,780	\$ 14,210,289	\$ (1,325,491)

Professional Development. The Community College includes a request of \$100,000 to launch curricula-specific professional development for its faculty. The Community College notes it has already launched three other professional development programs, one with the Association of College and University Educators, the Teaching and Learning Collaborative, and the Ecosystem of Learning and Educational Opportunity. The Community College notes that this will allow it to continue to create and support learning opportunities for faculty inside the college and for faculty to seek out opportunities outside the college.

The Community College's constrained request excludes this funding. *The Governor does not recommend funding.*

Strategic Marketing. The Community College includes a request of \$100,000 to expand marketing. This is in addition to the \$0.3 million already included for advertising in the Community College's marketing budget. The Community College argues that the costs of buying media, both on social media and other digital platforms, is becoming more expensive. It sees strategic marketing efforts as an important piece of student retention. The Community College states that these funds will further expand its online media reach and allow it to procure a marketing platform that aligns with its student administrative platform in order to develop and alter advertisements based on student data and trends.

The Community College's constrained request excludes this funding. *The Governor does not recommend funding.*

Cybersecurity. The Community College requests \$650,000 to implement two cybersecurity practices for its information technology infrastructure. The Community College conducted an internal assessment through a consultant of its cybersecurity practices and a report was released on October 11, 2018 which provided a recommendation for seven practices to be implemented in order to bring the Community College's practices in line with the National Institute of Standards and Technology Cybersecurity Framework. Two of the seven processes have already been implemented. Should the two processes included in this request be funded, there are three remaining processes to fully implement the recommendations. The Community College notes that the estimated software costs are based on its own research.

The Community College's constrained request excludes this funding. *The Governor does not recommend funding.*

Student Aid. The unrestricted budget includes \$4.0 million for student aid, \$0.1 million more than the revised allocation and \$0.3 million or 8.6 percent more than FY 2019 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 2020 through the Last Dollar Scholarship program funded in the Office of Postsecondary Commissioner's budget. The Community College provided Last Dollar Scholarship grant funds to 3,381 students with an average award of \$1,001 during FY 2019. Grant funds were provided to 2,516 students during the fall 2019 semester, an average award of \$1,515. It should also be noted that based on projected revenues and expenditures, it appears guaranty agency funds, which support this and other programs, will be exhausted during FY 2021. *The Governor recommends funding as requested.*

Debt Service. The unrestricted budget includes \$2.3 million for debt service expenditures. This is \$0.4 million less than the revised allocation which includes \$27,813 more for payments on Certificates of Participation for the Community College's energy conservation project and \$0.4 million less for general obligation debt service, consistent with the Budget Office target adjustment. *The Governor recommends funding as requested.*

Other Operations. Excluding the items noted previously, the unrestricted budget includes \$18.0 million for all other operations and contracted services. This is \$1.1 million or 5.8 percent less than enacted and \$0.1 million or 0.3 percent more than the revised allocation. The increase to the revised allocation reflects increased insurance costs. *The Governor recommends \$0.3 million less than requested from unidentified operating costs; the reduction is identical to and offsets the increase recommended for the student advisors.*

Restricted Budget. The restricted budget request is for \$49.7 million, which is \$0.9 million or 1.9 percent less than the enacted budget and \$2.0 million or 3.8 percent less than the revised allocation. The request includes increases of \$0.4 million for salaries and benefits and \$1.0 million for capital improvements funded by Rhode Island Capital Plan funds. These increases are offset by decreases of \$50,750 for restricted student aid and \$0.5 million for all remaining restricted contracted services and operations. *The Governor recommends \$3.3 million more than requested to reflect Rhode Island Capital Plan funds for two projects, the Knight Campus Lab Renovations and Flanagan Campus Renewal, consistent with the capital recommendation. A detailed description of these projects is included in the Capital Budget section of this publication.*

Rhode Island State Council on the Arts

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 960,611	\$ 945,322	\$ 1,073,418	\$ 959,746
Contracted Services	46,400	-	47,500	47,500
Subtotal	\$ 1,007,011	\$ 945,322	\$ 1,120,918	\$ 1,007,246
Other State Operations	222,655	222,655	312,348	242,659
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,623,582	1,623,582	2,073,582	1,663,582
Capital	585,000	585,000	590,000	590,000
Operating Transfers	-	-	-	-
Total	\$ 3,438,248	\$ 3,376,559	\$ 4,096,848	\$ 3,503,487
Sources of Funds				
General Revenue	\$ 2,004,748	\$ 1,993,137	\$ 2,638,754	\$ 2,056,961
Federal Aid	762,500	743,422	840,344	828,776
Restricted Receipts	45,000	45,000	15,000	15,000
Other	626,000	595,000	602,750	602,750
Total	\$ 3,438,248	\$ 3,376,559	\$ 4,096,848	\$ 3,503,487
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island State Council on the Arts requests \$4.1 million, \$0.7 million more than enacted from all sources, including \$0.6 million more from general revenues, \$77,844 more from federal funds, \$30,000 less from restricted receipts and \$23,250 less 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 \$1.9 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 \$65,239 more than enacted, including \$52,213 more from general revenues.*

Target Issues. The Budget Office provided the Council with a general revenue target of \$1.9 million. The amount includes current service adjustments of \$8,487 and a 5.0 percent target reduction, adjusted for certain exclusions, of \$0.1 million.

FY 2021 Budget	Budget Office	RISCA	Difference
FY 2020 Enacted	\$ 2,004,748	\$ 2,004,748	\$ -
Current Service Adjustments	8,487	4,006	(4,481)
New Initiatives	-	630,000	630,000
Change to FY 2020 Enacted	\$ 8,487	\$ 634,006	\$ 625,519
FY 2021 Current Service/Unconstrained Request	\$ 2,013,235	\$ 2,638,754	\$ 625,519
Target Reduction/Initiatives	(69,624)	(695,143)	(625,519)
FY 2021 Constrained Target/Request	\$ 1,943,611	\$ 1,943,611	\$ -
<i>Change to FY 2020 Enacted</i>	<i>\$ (61,137)</i>	<i>\$ (61,137)</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 its share of centralized services. The state uses internal service funds to reimburse one agency for services provided to another. This request includes \$12,160 for human resources support and \$33,590 for information technology services. The request is \$6,279 less than actual FY 2019 expenditures, which included \$2,763 more than the FY 2020 enacted amount. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. *The Governor recommends \$10,311 more than enacted based on Budget Office estimates.*

Unachieved Statewide Savings. The enacted FY 2020 budget distributed statewide savings to all agencies based on the Governor's initiative. The Council requests to restore \$1,258 of the \$1,843 allocation. *The Governor recommends funding as requested.*

Grants. The Rhode Island State Council on the Arts supports a multitude of grants funded through different fund sources. Its FY 2021 request totals \$2.1 million, including \$1.6 million from general revenues, \$0.5 million from federal funds, and \$15,000 from restricted receipts. For FY 2019, the Council provided awards under 25 distinct grant programs totaling \$1.6 million from all sources of funds, including a \$375,000 designated grant for Waterfire Providence identified in Article 1 of 2019-H 5151, Substitute A, as amended. The 2016 Assembly ended the community service 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 and ArtPlace America for its Expansion Arts and Arts in Healthcare Network programs. The table below shows grant support to the Council since FY 2017. *The Governor recommends \$10,000 more than enacted and \$0.4 million less than requested, noted below where appropriate.*

Fund Source	Grant Pool	FY 2017	FY 2018	FY 2019	FY 2020 Enacted	FY 2021 Request	FY 2021 Gov. Rec.
General Revenue	Discretionary Grants	\$ 590,000	\$ 590,000	\$ 590,000	\$ 590,000	\$ 1,000,000	\$ 590,000
	Art Workforce Development	-	-	-	-	40,000	40,000
	Competitive Pool	200,000	200,000	200,000	200,000	200,000	200,000
	Waterfire Providence	375,000	375,000	375,000	375,000	375,000	375,000
	Subtotal	\$ 1,165,000	\$ 1,165,000	\$ 1,165,000	\$ 1,165,000	\$ 1,615,000	\$ 1,205,000
Federal Funds	Partnership Agreement	\$ 454,002	\$ 390,309	\$ 417,097	\$ 458,582	\$ 458,582	\$ 458,582
	Expansion Arts	17,000	7,950	5,776	5,000	5,000	5,000
Restricted Receipts	Arts & Health	-	-	-	40,000	10,000	10,000
	Network Grant	-	-	-	-	-	-
Total Grant Funding		\$ 1,636,002	\$ 1,563,259	\$ 1,587,873	\$ 1,668,582	\$ 2,088,582	\$ 1,678,582

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 grant funding. The discretionary grant pool currently supports 15 grant programs, and in some cases is the sole source of grant support. It should be noted that these funds contribute to the federal National Endowment for the Arts grant state cost sharing requirement. 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; however, the Council has created and awarded a new Grants Management Fellowship program, and awarded \$21,000 to its first fellow on July 2019. Fellows will help oversee grants management for the Council as part of this new career-focused, paid public-sector fellowship.

As part of its constrained request, the Council excludes its request for increased funding and further reduces the request by \$65,143. *The Governor's recommendation is \$0.4 million less than requested to reflect the enacted level of funding.*

Arts Workforce Development Grant. The Council requests \$40,000 from general revenues for its 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, the Steel Yard and Roger Williams University. The program launched September 4, 2019 with an initial cohort of nine adults aged 19-25. The Council requested and the Governor recommended funding for the program for FY 2020. The Assembly did not concur. The Council reports it has spent approximately \$21,000 from federal funds to support the program, which provides direct financial support for a young adult cohort, their mentors, and program operations. Program participants apprentice with a local arts organization, attend formal classes covering financial literacy, legal issues, marketing, and other business topics as they relate to an artist's practice and life. The Council's constrained request excludes this funding. *The Governor recommends funding as 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 competitive pool grants and \$375,000 for Providence Waterfire. The 2016 Assembly ended the community service grant program and provided these appropriations in place of the prior funding. *The Governor recommends funding as requested.*

Federal Grants. The Council requests the enacted amount of \$458,582 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 15 different grant programs often in conjunction with state sources of funding. *The Governor recommends funding as requested.*

Restricted Grants. The Council requests \$15,000 from restricted receipts to reflect grants which support two programs. The Council receives \$5,000 annually from the Rhode Island Foundation to support arts opportunities for its Expansion Arts program which provides organizational assistance to community-based, culturally diverse arts and cultural organizations. In April 2019, the Council received funding from ArtPlace America, which provided the Council \$50,000 to support the Council's Arts and Healthcare Network program over two years. It is requesting use of \$10,000 for FY 2021, \$40,000 less than the enacted amount to reflect the closure of the grant. It should be noted that the Council's current restricted account is limited to funds received from the Rhode Island Foundation.

The Council administers the program in conjunction with the Department of Health based on a new Rhode Island State Arts and Health Plan. The program embeds an artist in residence within a state department of health to drive creative arts-based approaches to achieving health equity, addressing the social determinants of health, and attaining population health goals. The residency includes a \$15,000 stipend paid by a Network partner agency.

The selected artist works from associated community locations for a project period of five months between June 1 and December 31, 2019. The artist also works with selected Department of Health staff to create public projects which respond to a public health issue identified at the onset of the program. *The Governor recommends funding as requested and includes legislation repealing language in the Council's*

authorizing statute to deposit unrestricted funds from non-state sources as general revenues. This legislation does not appear to meet the standard required in Rhode Island General Law, Section 35-3-14 to change the disposition of funds to non-general revenue deposits.

Staffing Upgrades. The Council requests \$110,000, of which \$100,000 is from general revenues to reorganize its hierarchy, upgrade a number of its positions and increase salaries throughout the agency. The Council is seeking to have new titles approved including a Senior Arts Program Specialist which would supervise three Arts Program Specialists. The request includes \$50,000 for the Council's executive director and \$60,000 to increase salaries for the Council's four program directors and the administrative assistant for the Executive Director of the Film and Television Office based on comparable positions, and responsibilities. This represents a 31.3 percent increase on average, including a 49.6 percent increase for the executive director, whose salary is lower than the executive director of the Film and Television Office.

The Council excludes this funding from its constrained request. *The Governor does not fund these upgrades.*

Motion Picture Tax Credit Promotion. The Council requests \$80,000 to promote the changes to the state's motion picture tax credit on a national and international basis. It assumes \$20,000 more for print trade advertising promotions, \$15,585 for sponsorships of about 14 local film festivals, \$15,000 for the Give Me 5 student film program which includes theater rental, media lab equipment, educational materials and educator assistance, \$25,415 for travel costs and industry events, and \$4,000 for promotional materials.

The Council's constrained request excludes this funding. *The Governor does not recommend this expenditure.*

Communication Consultant. The Council requests \$25,000 from federal funds for a marketing consultant to assist the Council two days a week. The consultant is intended to increase the Council's visibility with the state's art community through strategic targeting, messaging, and social media including overseeing the development of materials and ensuring its communications work is responsive to its community. The Council's constrained request excludes this funding. *The Governor recommends funding as requested.*

Other Staffing and Operations. The Council requests \$1.1 million, which is \$45,592 more than enacted from all sources, including \$2,748 more from general revenues and \$42,844 more from federal funds for all other expenses. The request supports the Council's 8.6 full-time equivalent positions at the current service level, including 2.6 positions in the Film and Television Office.

The general revenue request includes adjustments to staffing consistent with the current service level offset by benefit selection savings, and a nominal reduction to operations expenses. The federal funds request includes \$28,700 more for travel, \$9,100 more to participate in trade industry events, and \$5,300 for other operating changes based on historical expenditures. It also maintains \$15,000 to pay honoraria to panelists inadvertently eliminated in its FY 2020 revised request. *The Governor recommends \$3,672 less than requested, of which \$2,104 is from general revenues to reflect statewide medical benefit adjustments.*

Percent for Art Program. The Council requests \$0.6 million, \$23,250 less than enacted for the Percent for Art program for public art projects at various new state-owned facilities. The request includes \$250 more for project expenses, and \$23,500 less for the program consultant which runs the program. The program currently includes five active projects, all of which are anticipated to close in FY 2021. Two projects at Rhode Island College are currently inactive pending approval of a new master plan. *The Governor recommends funding as requested.*

Rhode Island Atomic Energy Commission

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,162,713	\$ 1,171,085	\$ 1,171,841	\$ 1,168,879
Contracted Services	270	270	-	-
Subtotal	\$ 1,162,983	\$ 1,171,355	\$ 1,171,841	\$ 1,168,879
Other State Operations	181,911	176,066	201,056	198,900
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	150,200	76,333	153,000	153,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 1,495,094	\$ 1,423,754	\$ 1,525,897	\$ 1,520,779
Sources of Funds				
General Revenue	\$ 1,059,094	\$ 1,055,815	\$ 1,068,858	\$ 1,064,567
Federal Aid	-	-	7,936	7,936
Restricted Receipts	99,000	25,036	99,000	99,000
Other	337,000	342,903	350,103	349,276
Total	\$ 1,495,094	\$ 1,423,754	\$ 1,525,897	\$ 1,520,779
FTE Authorization	8.6	8.6	8.6	8.6

Summary. The Rhode Island Atomic Energy Commission requests \$1.5 million from all sources, including \$1.1 million from general revenues, \$300,103 from University of Rhode Island Sponsored Research funds, \$50,000 from Rhode Island Capital Plan funds, and \$99,000 from restricted receipts. This is \$30,803 more than enacted, including \$9,764 more from general revenues. The Commission requests 8.6 full time-equivalent positions, consistent with the current authorized level. *The Governor recommends \$1.5 million from all sources, including \$1.1 million from general revenues.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.0 million, including current service adjustments of \$9,764 and a 5.0 percent target reduction, adjusted for certain exclusions of \$52,885.

FY 2021 Budget	Budget Office	Atomic Energy	Difference
FY 2020 Enacted	\$ 1,059,094	\$ 1,059,094	\$ -
Current Service Adjustments	9,764	9,764	-
Change to FY 2020 Enacted	\$ 9,764	\$ 9,764	\$ -
FY 2021 Current Service/Unconstrained Request	\$ 1,068,858	\$ 1,068,858	\$ -
Target Reduction/Initiatives	(52,885)	(52,884)	1
FY 2021 Constrained Target/Request	\$ 1,015,973	\$ 1,015,974	\$ 1
<i>Change to FY 2020 Enacted</i>	<i>\$(43,121)</i>	<i>\$(43,120)</i>	<i>1</i>

The constrained budget submitted by the agency is effectively consistent with the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$48,593 above the target.*

Reactor Fee Receipts. The Commission charges reactor fees for commercial utilization of the reactor based on the organizational status of the requesting agency and the amount of reactor time requested. Reactor fees were historically deposited as general revenues and averaged approximately \$15,000 during FY 2019. The 2018 Assembly created a restricted receipt account for the reactor fee revenues to be used for the maintenance of the Commission's equipment. The FY 2020 enacted budget assumes \$99,000. While the Commission's revised request lowers this by \$73,964 to reflect expected commercial utilization of the reactor, the FY 2021 request is consistent with the enacted budget. The Commission is expecting receipts to increase as a result of taking on additional analytical services. It does not appear any reactor fees have been collected through the first quarter of FY 2020. *The Governor recommends funding as requested.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Commission's request of \$11,168 for centralized services is consistent with the enacted budget as well as actual charges during FY 2019. *The Governor recommends \$2,155 less than requested from general revenues based on Budget Office estimates.*

Staffing and Operations. The Commission requests \$1.4 million, including \$1.1 million from general revenues and \$0.3 million from University research funds, for its 8.6 full-time equivalent positions, contracted services, and operating expenses. This is \$22,867 more than enacted, including \$9,764 more from general revenues and \$13,103 more from University research funds. The requested increase reflects funding needed for custodial services. It should be noted that the Commission was fully staffed during FY 2019. Additionally, the Commission experienced a vacancy for two pay periods in FY 2020.

The Commission's constrained request includes \$160,532 less from all funds, including \$52,884 less from general revenues and \$107,648 less from University research funds. Of the reduction, \$124,019 is achieved by laying off the Health Physicist, the most recent hire. This position is one of the 1.8 positions that is shared between the Commission and the University, resulting in the layoff primarily impacting University research funds due to the split funding. The remaining \$36,513 includes \$5,756 from general revenues achieved through reducing operating expenses. *The Governor recommends \$2,963 less than requested mostly from general revenues to reflect statewide medical benefit savings.*

Federal Grants. The Commission's request includes \$7,936 more than enacted from federal funds to reflect an unspent grant balance from FY 2019 carried forward to FY 2021. Funding is from the United States Nuclear Regulatory Commission Nuclear Education Grant, which is used to support student projects and internships. The Commission notes that some years the students are able to get alternative funds for their projects, so these funds are not always needed. *The Governor recommends funding as requested.*

Capital Projects. The Commission requests \$50,000 from Rhode Island Capital Plan funds for capital asset protection projects, consistent with the enacted amount. The Commission spent \$49,903 on asset protection projects in FY 2019, \$77,649 in FY 2018, \$32,246 in FY 2017, and \$69,036 in FY 2016. *The Governor recommends funding as requested. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

Historical Preservation and Heritage Commission

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 1,834,407	1,779,530	\$ 1,814,687	\$ 1,806,348
Contracted Services	-	-	-	-
Subtotal	\$ 1,834,407	1,779,530	\$ 1,814,687	\$ 1,806,348
Other State Operations	249,195	284,792	289,728	415,678
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	505,728	525,153	507,203	507,203
Capital	6,000	6,000	1,000	1,000.00
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 2,595,330	2,595,475	\$ 2,612,618	\$ 2,730,229
Sources of Funds				
General Revenue	\$ 1,488,293	1,464,425	\$ 1,477,242	\$ 1,598,029
Federal Aid	557,028	566,643	566,652	563,476
Restricted Receipts	421,439	422,100	422,100	422,100
Other	128,570	142,307	146,624	146,624
Total	\$ 2,595,330	2,595,475	\$ 2,612,618	\$ 2,730,229
FTE Authorization	15.6	15.6	15.6	15.6

Summary. The Historical Preservation and Heritage Commission requests \$2.6 million, which is \$17,288 more than enacted from all sources, including \$11,051 less from general revenues. The request includes the authorized level of 15.6 full-time equivalent positions.

The Commission also submitted a constrained request that is \$0.1 million less than the unconstrained request. *The Governor recommends \$2.7 million from all sources, which is \$0.1 million more than enacted, nearly all from general revenues. Recommended staffing is consistent with the enacted authorization.*

Target Issues. The Budget Office provided the Commission with a general revenue target of \$1.4 million, including current service adjustments of \$16,471 and a 5.0 percent target reduction of \$0.1 million, adjusted for certain exclusions. The constrained budget submitted by the Commission is \$94,168 less than the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's budget is \$0.2 million more than the target.*

FY 2021 Budget	Budget Office	HPHC	Difference
FY 2020 Enacted	\$ 1,488,293	\$ 1,488,293	\$ -
Current Service Adjustments	16,471	(11,051)	(27,522)
Change to FY 2020 Enacted	16,471	(11,051)	(27,522)
FY 2021 Current Service/Unconstrained Request	\$ 1,499,764	\$ 1,477,242	\$ (27,522)
Target Reduction/Initiatives	(65,676)	(137,322)	(71,646)
FY 2021 Constrained Target/Request	\$ 1,434,088	\$ 1,339,920	\$ (94,168)
<i>Change to FY 2020 Enacted</i>	<i>(54,205)</i>	<i>(148,373)</i>	<i>(94,168)</i>

Department of Transportation Project Review. The Commission requests \$146,624 from Department of Transportation reimbursement funds for personnel and operating expenditures related to project review, which is \$18,054 more than enacted. Expenditures include \$95,249 for one full-time equivalent position that conducts project review, and funding for another position to conduct GIS related projects, which is \$8,054 more than enacted. The Commission also uses approximately \$40,000 to pay for staff that occasionally help on these projects which is incorrectly budgeted as operating expenses. Because these positions are budgeted elsewhere, the request may overstate the total amount needed for salaries and benefits. Consistent with the revised request, the Commission requests \$3,200 for staff training and site visits, and \$6,800 for internet services that was budgeted in error. *The Governor recommends funding as requested, retaining the errors in the request.*

Other Salaries and Benefits. The Commission requests \$1.7 million from all sources to fully fund the remaining 14.6 full-time equivalent positions, which is \$27,774 less than enacted. The request reflects \$3,741 more from general revenues for current service adjustments. The enacted budget was overfunded by approximately \$15,000. The request includes \$12,176 less from federal funds and \$19,339 less from restricted receipts that the Commission shifts for use on operating expenses essentially shifting salaries and benefits costs previously paid with restricted receipts to general revenues.

The Commission's constrained request proposes general revenue savings of \$137,322 from closing the agency for four weeks. *The recommendation is \$8,339 less than requested from all sources, including \$5,163 less from general revenues, to reflect statewide medical benefit savings.*

Survey and Planning. The Commission requests \$80,828 from the U.S 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 specifications, historic structures reports, and engineering studies necessary to restore or repair properties listed on the National Register of Historic Places. The request is \$21,800 more than enacted and predominantly reflects the Commission updating its bandwidth, which was recommended by the Division of Information Technology. This is predicated on a bill before Congress increasing the amount that is awarded to the states. *The Governor recommends funding as requested.*

Fort Adams Trust. Consistent with the enacted budget, the Commission requests \$30,000 to support the Fort Adams Trust restoration. Fort Adams Trust is a nonprofit that protects historic places and public spaces in Narraganset Bay and Newport, most notably Fort Adams, a former U.S. Army post established in 1799. The Trust has been restoring the historic fort since 1995. The Commission has requested this amount of funding since FY 2017. *The Governor recommends funding as requested.*

Revolving Historic Preservation Loan Fund. Consistent with the enacted budget and the revised request, the Commission requests \$400,000 from restricted receipts to issue loans through the Revolving Historic Preservation Loan Fund. These funds are available to preserve properties listed on the State Register of Historic Places by providing low-interest loans to public, non-profit, or private owners, and municipalities, up to \$200,000. In the last two fiscal years, FY 2018 and FY 2019, no loans have been issued. *The Governor recommends funding as requested.*

Centralized Services. The Commission requests \$156,242 from general revenues for centralized information technology services and facilities management, which is consistent with the enacted budget. In FY 2019, the Commission spent \$158,707 for these services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which

in turn pay for the staff and expenses. *The Governor recommends \$0.3 million from general revenues, which is \$0.1 million more than enacted and requested, based on Budget Office estimates.*

Other Operations. The Commission requests \$0.1 million for other expenses which is \$5,208 more than enacted including \$14,792 less from general revenues and \$20,000 more from restricted receipts. General revenue savings reflect a one-time computer server purchased in FY 2020 and the Commission no longer using state issued cell phones. The request inadvertently excludes \$6,800 for internet costs. The increase to restricted receipts reflects the Commission purchasing additional office supplies, upgrading Microsoft and Adobe licenses as needed, and additional travel costs. *The Governor recommends funding as requested.*

Office of the Attorney General

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Criminal	\$ 21,601,600	\$ 25,213,544	\$ 21,804,604	\$ 21,573,857
Civil	6,426,020	6,236,632	7,253,431	7,185,044
Bureau of Criminal Identification	1,769,535	1,879,762	2,113,576	1,908,644
General	3,490,563	3,490,563	4,989,738	3,596,309
Total	\$ 33,287,718	\$ 36,820,501	\$ 36,161,349	\$ 34,263,854
Expenditures by Category				
Salaries and Benefits	\$ 28,514,979	\$ 27,912,543	\$ 29,905,717	\$ 28,780,981
Contracted Services	508,616	1,046,690	1,478,539	1,369,909
Subtotal	\$ 29,023,595	\$ 28,959,233	\$ 31,384,256	\$ 30,150,890
Other State Operations	2,916,228	3,229,179	3,408,793	3,344,664
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	166,667	166,667	166,667
Capital	1,347,895	4,465,422	1,201,633	601,633
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 33,287,718	\$ 36,820,501	\$ 36,161,349	\$ 34,263,854
Sources of Funds				
General Revenue	\$ 28,675,203	\$ 28,633,277	\$ 31,345,488	\$ 30,054,511
Federal Aid	3,552,999	7,006,860	2,917,583	2,913,491
Restricted Receipts	909,516	1,030,364	1,148,278	1,145,852
Other	150,000	150,000	750,000	150,000
Total	\$ 33,287,718	\$ 36,820,501	\$ 36,161,349	\$ 34,263,854
FTE Authorization	239.1	239.1	249.1	247.1

Summary. The Office of the Attorney General requests \$36.2 million from all sources, including \$31.3 million from general revenues. This is \$2.9 million more than enacted, including \$2.7 million more from general revenues, \$0.6 million less from federal funds, \$0.2 million more from restricted receipts and \$0.6 million more from other funds. The Office requests 249.1 full-time equivalent positions, 10.0 more than currently authorized.

The Governor recommends \$34.3 million from all sources, which is \$1.0 million more than enacted including \$1.4 million more from general revenues. The recommendation is \$1.9 million less than requested including \$1.3 million less from general revenues. This includes \$109,555 in statewide medical benefit savings. The Governor recommends 247.1 full-time equivalent positions, 8.0 positions above the current authorization.

Target Issues. The Budget Office provided the Office with a general revenue target of \$27.5 million. The amount includes current service adjustments of \$0.3 million and a 5.0 percent target reduction of \$1.4 million, adjusted for certain exclusions. The constrained budget submitted by the agency is \$2.5 million above the target. *The Governor's budget is \$2.5 million more than the target.*

FY 2021 Budget	Office of the		
	Budget Office	Attorney General	Difference
FY 2020 Enacted	\$ 28,675,203	\$ 28,675,203	\$ -
Current Service Adjustments	308,327	1,354,081	1,045,754
New Initiatives	-	1,316,204	1,316,204
Change to FY 2020 Enacted	\$ 308,327	\$ 2,670,285	\$ 2,361,958
FY 2021 Current Service/Unconstrained Request	\$ 28,983,530	\$ 31,345,488	\$ 2,361,958
Target Reduction/Initiatives	(1,438,118)	(1,316,204)	121,914
FY 2021 Constrained Target/Request	\$ 27,545,412	\$ 30,029,284	\$ 2,483,872
<i>Change to FY 2020 Enacted</i>	\$ (1,129,791)	\$ 1,354,081	\$ 2,483,872

Criminal Division - Enhanced Staffing (4.0 FTE). The Office requests \$0.4 million from general revenues for four new positions in the Criminal Division: three attorneys and a paralegal. The Office reports that two attorneys and a paralegal will be assigned to the Special Victims Unit that handles all cases involving domestic violence, sexual assault, child abuse and/or molestation and elder abuse.

The third attorney will be assigned to the Diversion and Intake units but primarily work in the Superior Court Diversion program. This program offers an alternative to traditional conviction, sentencing and incarceration by providing eligible defendants with supervision and services instead of incarceration.

The Office's constrained request excludes the positions and funding. *The Governor recommends the request.*

Civil Division - Enhanced Staffing (4.0 FTE). The Office requests \$0.4 million from general revenues for four new positions: two staff attorneys and two paralegals to support the Division's activities related to complex investigations and legal matters including those involving unfair and deceptive trade practices.

The Office's constrained request excludes the positions and funding.

The Governor recommends the new positions and also includes \$1.7 million in additional revenue from being able to support the effort to pursue multistate settlements for a net impact of \$1.3 million. It is unclear how this estimate was derived and what the assumptions are on timing of such settlements.

Bureau of Criminal Identification - Enhanced Staffing (1.0 FTE). The Office requests \$0.1 million from general revenues for a new clerk to address increasing requests for background checks. This would bring the number of clerks to six. The Office reports that there is an increasing demand from private employers and organizations as well as the new statutory requirements for background checks for certain professions and activities.

The Office's constrained request excludes the position and funding. *The Governor does not recommend the new position.*

General Administration - Enhanced Staffing (1.0 FTE). The Office includes \$0.1 million from general revenues to increase its information technology staff from 4.0 to 5.0 in its general administration program. The Office reports the need for increased support for staff in its two buildings in Providence and one in Cranston and its approximately 240 employees.

The Office's constrained request excludes this position and funding. *The Governor does not recommend the new position.*

Salaries and Benefits. The Office requests \$28.9 million from all sources, including \$26.9 million from general revenues for other salaries and benefits for the remaining 239.1 positions. This is \$0.4 million more than enacted, including \$0.6 million more from general revenues, \$0.2 million less from federal funds and

\$0.1 million less from restricted receipts. Changes include \$0.3 million for adjustments consistent with Budget Office planning values, updated benefit plan choices, and \$0.2 million to restore savings from keeping positions vacant. There is also \$0.1 million less from restricted receipts for work done in coordination with the Public Utilities Commission. The request also moves two positions from the Medicaid Fraud unit to other divisions resulting in the loss of \$0.2 million from federal funds offset by an increase from general revenues. *The Governor includes \$1.0 million less than requested, including \$0.9 million less from general revenues. This includes \$0.1 million from statewide medical benefit savings and keeps approximately ten positions vacant which is three more than assumed in the enacted budget.*

Volkswagen Settlement. The Office includes \$166,667 from Volkswagen settlement funds for the final year of the three year award for the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks Rhode Island. FY 2019 was the first year for this award but the budget treatment of these expenses was not correct.

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

Complex Litigation Expenses. The Office requests \$350,000 from general revenues for costs that might occur for complex litigation cases that often require expert witnesses. The request includes \$250,000 in the Criminal Division and \$100,000 in the Civil Division. The revised request also includes \$100,000 for this purpose.

The constrained budget excludes the \$250,000 requested for the Criminal Division. *The Governor recommends the full \$350,000.*

Online State Background Checks. The Office requests \$100,000 from general revenues to purchase technology to enable the Bureau of Criminal Identification and Investigation to allow online access to state background checks and address the increasing demand for them.

The constrained budget excludes the funding. *The Governor does not fund the request.*

Student Loan Consumer Protection. The Office’s request includes \$50,000 from restricted receipts for staff training and information technology services so that it can administer the provisions of the Student Loan Bill of Rights legislation passed by the 2019 Assembly. The provision established standards for the servicing of student loans in order to strengthen consumer protections, including prohibiting fraudulent, misleading or deceptive practices relating to servicing. It allows the Office of the Attorney General to bring legal action under the Deceptive Trade Practices Act and allows for a private right of action for student loan borrowers when consumer protections are violated. *The Governor recommends funding as requested.*

Rhode Island Victims Outreach. The Office requests \$324,000 from federal funds for the development of software enabling case management system data to integrate with the current victim notification system maintained by the Department of Corrections. This system would provide a platform where victims of crime are able to access pertinent information relating to their cases, centralizing data currently maintained separately by the Attorney General, Department of Corrections and the Treasury. The revised request includes \$398,121 from federal funds carried forward from FY 2019 and \$100,000 from state matching funds that was not previously requested for this project. For FY 2021, the Office assumes the state match of \$81,000 will be from staffing expenses and other contracted services. *The Governor recommends funding as requested.*

Legal Clerkship Program. The Office includes \$10,000 from general revenues for a new legal clerkship program for underrepresented students. The full-time, summer program would be designed to attract diverse law students with the intent to recruit them into public service.

The constrained request excludes the funding. *The Governor recommends funding as requested.*

Health Care Advocate. The Office requests \$123,700 from all sources, including \$72,200 from general revenues for contracted health care oversight assistance and monitoring mergers, including those that have been approved by the Attorney General and involve non-profit entities in the Office of the Health Care Advocate. This is \$29,764 more from general revenues and the enacted level of federal funds. It should be noted that while the revised request totals \$65,636, there were no expenses made for this activity in either FY 2018 or FY 2019. The revised request includes \$117,136, of which \$65,636 is from general revenues. *The Governor recommends funding as requested.*

Desktop Replacement and Software Upgrades. The Office requests \$0.6 million more from all sources, including \$0.4 million from general revenues for funding of \$0.8 million to replace its current Windows 7 desktop with Windows 10. The system is no longer supported as of January 2020. The Office's revised request includes similar funding but it reports the replacement can take place during FY 2021. *The Governor recommends \$44,659 less than requested from general revenues primarily from reducing the requested funding for ongoing maintenance and repairs since the computers will be replaced. The Governor also includes \$0.5 million in the revised recommendation for the upgrades.*

Capital Improvements. The Office requests \$850,000 to support ongoing capital improvement projects, which is \$300,000 less than enacted from Google Settlement and Rhode Island Capital Plan funds. This includes \$750,000 from Rhode Island Capital Plan funds, \$600,000 more than enacted, to replace the roof at its 150 Main Street location and fund asset protection projects. The request also includes \$100,000 from Google Settlement funds to complete any outstanding, smaller projects at the new building on the Pastore Campus. *The Governor does not recommend the additional capital plan funds for the roof replacement. A detailed analysis of this project is included in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Office requests \$55,878 for its share of centralized services, or \$5,080 more than enacted. *The Governor recommends \$14,390 less than enacted based on Budget Office estimates.*

Other Operations. The Office requests \$3.7 million from all sources, including \$2.4 million from general revenues, \$0.8 million from federal funds and \$0.5 million from restricted receipts for all other operations. This includes \$0.6 million for office equipment and supplies, \$0.9 million for maintenance and facility services, \$0.3 million for subscriptions, dues and fees, \$0.4 million for leased office space and equipment, \$0.3 million for technology support, \$0.3 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 \$0.2 million more than enacted, primarily from general revenues. It restores \$38,514 in unachieved statewide savings, adds \$28,727 for rental and lease costs, \$19,245 more for protection of state witnesses, \$11,441 for clerical support and makes other adjustments to various operating expenses consistent with the revised request. *The Governor recommends \$8,630 less than requested from general revenues.*

Department of Corrections

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 16,437,410	\$ 16,710,872	\$ 16,305,819	\$ 16,358,189
Parole Board	1,618,421	1,540,792	1,553,056	1,545,577
Custody and Security	146,965,807	147,038,789	148,540,576	144,836,854
Institutional Support	34,620,018	43,878,530	29,943,451	30,109,175
Institutional Based Rehab/Pop	15,090,983	12,359,993	14,390,234	14,169,877
Healthcare Services	25,497,603	28,309,795	25,601,420	26,074,129
Community Corrections	17,381,458	17,395,456	19,151,044	18,335,292
Total	\$ 257,611,700	\$ 267,234,227	\$ 255,485,600	\$ 251,429,093
Expenditures by Category				
Salaries and Benefits	\$ 197,807,861	\$ 197,877,264	\$ 200,620,621	\$ 196,609,389
Contracted Services	15,183,727	16,712,989	16,054,145	15,280,903
Subtotal	\$ 212,991,588	\$ 214,590,253	\$ 216,674,766	\$ 211,890,292
Other State Operations	28,487,867	27,481,406	27,486,538	30,650,878
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,261,546	1,837,986	2,241,546	2,241,546
Capital	13,870,699	23,324,582	9,082,750	6,646,377
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 257,611,700	\$ 267,234,227	\$ 255,485,600	\$ 251,429,093
Sources of Funds				
General Revenue	\$ 242,088,059	\$ 238,288,920	\$ 244,613,434	\$ 242,109,240
Federal Aid	2,010,944	2,533,346	2,078,877	2,059,771
Restricted Receipts	59,369	3,531,961	63,454	960,082
Other	13,453,328	22,880,000	8,729,835	6,300,000
Total	\$ 257,611,700	\$ 267,234,227	\$ 255,485,600	\$ 251,429,093
FTE Authorization	1,411.0	1,411.0	1,411.0	1,423.0
Prison Population	2,671	2,671	2,671	2,549

Summary. The Department of Corrections requests \$255.5 million, \$2.1 million less than enacted from all sources of funds, including \$2.5 million more from general revenues. The Department requests 1,411.0 full-time equivalent positions, consistent with the authorized level. The Department's FY 2021 request is based on a population of 2,671 which is consistent with the enacted assumption.

The Governor recommends \$251.4 million from all sources, which is \$6.2 million less than enacted including \$21,181 more from general revenues. The recommendation is \$4.1 million less than requested including \$2.5 million less from general revenues. The Governor recommends 1,423.0 full-time equivalent positions which is 12.0 more than the enacted authorization. The Governor assumes a population of 2,549 which is 122 less than the Department's request.

Target Issues. The Budget Office provided the Department with a general revenue target of \$233.1 million. The amount includes current service adjustments of \$2.5 million and a 5.0 percent target reduction, adjusted for certain exclusions, of \$11.5 million.

The constrained budget submitted by the Department is essentially consistent with the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's budget is \$9.0 million more than the target.*

FY 2021 Budget	Budget Office	Department of Corrections	Difference
FY 2020 Enacted	\$ 242,088,059	\$ 242,088,059	\$ -
Current Service Adjustments	2,518,099	3,969,099	1,451,000
New Initiatives	7,276	(1,443,724)	(1,451,000)
Change to FY 2020 Enacted	\$ 2,525,375	\$ 2,525,375	\$ -
FY 2021 Current Service/Unconstrained Request	\$ 244,613,434	\$ 244,613,434	\$ -
Target Reduction/Initiatives	(11,463,749)	(11,463,754)	(5)
FY 2021 Constrained Target/Request	\$ 233,149,685	\$ 233,149,680	\$ (5)
<i>Change to FY 2020 Enacted</i>	\$ (8,938,374)	\$ (8,938,379)	\$ (5)

The FY 2021 request is based on a population 2,671 which is consistent with the enacted budget and the revised request. The Department contracts with a firm to prepare population estimates, but at the time of its request, had not received population numbers for its request.

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 2012 through the FY 2021. *The Governor's recommendation assumes a population of 2,549 which is 122 less than assumed in the request and the enacted budget primarily based on an updated population projection methodology and a parole initiative. Supporting documents indicate that the Budget Office used its own methodology to calculate population. The average population through December is 2,659, which is 110 more than the Governor's budget assumes.*

History	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<i>Request</i>	3,416	3,231	3,152	3,170	3,292	3,260	3,059	2,865	2,762	2,671
<i>Governor</i>	3,416	3,231	3,152	3,170	3,292	3,200	3,059	2,865	2,691	2,549
<i>Enacted</i>	3,239	3,194	3,152	3,170	3,292	3,200	3,000	2,849	2,671	-
<i>Revised Request</i>	3,264	3,146	3,192	3,239	3,206	3,058	2,853	2,760	2,671	-
<i>Governor Revised</i>	3,265	3,146	3,192	3,239	3,182	2,999	2,853	2,730	-	-
<i>Final</i>	3,192	3,146	3,192	3,239	3,183	2,999	2,837	2,730	-	-
<i>Actual</i>	3,191	3,160	3,214	3,183	3,068	2,958	2,784	2,665	-	-

Institutional Corrections – Per Diem Expenditures

Population: Per Diem Expenditures. The Department requests \$14.7 million, which is \$0.6 million less than enacted from general revenues for population related expenditures that are calculated on a per diem basis. These expenses include medical costs, which includes both inpatient and outpatient services, as well as contracted medical services. They also include items such as food, inmate clothing and linens, and janitorial supplies. The enacted budget assumes \$5,745 per inmate annually, the revised request assumes \$5,489, and the FY 2021 request assumes \$5,520. The FY 2021 request assumes higher costs for doctors and dentists than the revised request, but is largely consistent otherwise. The changes to these costs are

described in the items below. *The Governor recommends \$0.9 million less than requested reflecting various adjustments described below.*

Laboratory Testing Services. Laboratory testing services were previously conducted at Eleanor Slater Hospital, and at no cost to the Department. However, in FY 2017 Eleanor Slater Hospital, on recommendation from an outside consultant, indicated that it was considering charging the Department a monthly service fee. As a result, the Department decided to outsource its laboratory testing to an outside vendor, East Side Laboratory. The enacted budget includes savings of \$165,000 from having Eleanor Slater Hospital resume laboratory testing at no cost to the Department. The Department's request restores \$137,081 for services through East Side Clinical Laboratory. The Department indicates it is unhappy with prior service delivered through Eleanor Slater Hospital and the lack of a medical records interface that is compatible with the Department's medical records system. *The Governor recommends \$15,271 less than requested reflecting the assumed population.*

Hepatitis C Treatment. Consistent with the enacted budget, the Department's FY 2021 request includes \$2.3 million to treat an average of 30 inmates with Hepatitis C a month for 12 months. As the treatment lasts for several weeks, this equates to \$19,331 per inmate for 120 inmates. This is consistent with the revised request. The enacted budget was based on estimates from other states who have purchased medication through the Public Health Service Act. The Department began treating all inmates with curative medication for Hepatitis C based on changes in the Executive Office of Health and Human Services interpretation of Medicaid standards changing in July 2018 which the Department follows.

The FY 2019 budget included \$1.4 million for treatment of 70 inmates at an average cost of \$19,331 per inmate. Actual FY 2019 expenditures were \$0.9 million and covered 52 inmates at an average cost of \$17,762. *The Governor recommends funding as requested.*

Healthcare Savings. The enacted budget includes a recommendation proposed by the Governor and approved by the Assembly for the Department to achieve \$1.3 million in healthcare savings for FY 2020. The Department's request assumes \$1.7 million in savings, or \$0.4 million more, by purchasing medication through the federal Public Health Service Act beginning in November. The Department already purchases Hepatitis C medication through this mechanism. This is consistent with the revised request; the Department indicates that the savings estimates may need to be reevaluated as the initiative continues.

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

Reduced Offsite Care – Healthcare Staff. The Department requests \$0.3 million from general revenues for offsite medical care. This is \$0.1 million less than enacted for these services to more closely reflect FY 2019 costs. The Department has limited in-house medical capabilities resulting in patients being sent to external hospitals with correctional officer escorts. Excluding correctional officer costs, the cost of these external medical services have fluctuated in recent years; in FY 2017, costs were \$380,000 and increased by approximately \$90,000 to \$470,000 in FY 2018. FY 2019 costs for these services was only \$240,000 which was nearly half of FY 2018 costs. The Department does not track the overtime costs for correctional officer escorts. Based on the number of trips at the average correctional officer overtime rate, it estimates \$0.4 million was spent in FY 2019 for those who attend an appointment off-site; the estimate does not include hospital stays which adds significant costs. *The Governor recommends savings of \$0.4 million from expanding the Department's in-house medical capabilities. The Governor includes \$0.5 million and 4.0 new positions, including two health program administrators, one hospital case manager, and one data*

analyst II, and assumes they would begin at the start of FY 2021. These costs are offset by \$0.8 million from reductions of \$0.6 million for correctional officer escorts to both hospitals and off-site appointments and \$165,900 less for external medical expenses.

Medical and Geriatric Parole. The Department allows medical leave for inmates that are not sentenced to life without parole and are physically incapacitated or chronically ill to the point that incarceration is no longer punitive and rehabilitative. To apply for medical parole, the inmate or family member must file an application for consideration to the Director with a medical note that includes a medical report and an appropriate discharge plan. When such criteria are met, the Parole Board considers release. If the health status of the inmate changes after release, the Parole Board may order the inmate to return to custody to await a hearing or whether or not the release should be invoked.

The Governor recommends legislation authorizing geriatric parole for inmates aged 65 or older who suffer from functional impairments, infirmity, or illness. Her budget assumes \$150,000 in savings from this initiative. The Department has identified that at least six of the 26 potentially-eligible people could be released under this statute in FY 2021. To be eligible, the inmate must have served the lesser of 10 years or 75 percent of their total sentence regardless of the crime committed. The individual would go through the same process as an inmate applying for medical parole. The budget also expands authorization for medical parole for inmates who are cognitively incapacitated.

Other Per Diem Expenditures. The Department requests \$12.7 million for all remaining expenses which is \$0.2 million less than enacted from general revenues for population related expenditures that are calculated on a per diem basis. These expenses include medical costs, both inpatient and outpatient, as well as contracted medical services. They also include items such as food, inmate clothing and linens, and janitorial supplies. Adjusting for previously described expenses, the Department spent \$5,531 per inmate for FY 2019 during which the population average was 2,665. The FY 2021 request is \$2.0 million less than spent in FY 2019, reflecting a larger population, but a lower per diem cost largely related to lower than expected pharmaceutical purchasing. *The Governor recommends \$0.6 million less than requested reflecting the assumed lower population.*

Institutional Corrections - Other

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

High Security Inmate Exchange. 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, their placement 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. As of the end of December 2019, High Security has averaged 87 inmates in FY 2020.

In FY 2019, the Governor recommended a 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 correctional officer overtime and per diem savings. The recommendation also assumed costs of \$3.9 million for the transfer of 36 inmates to other buildings with lower security classification within the Department. These

savings would be offset by \$2.3 million more for housing the other 50 inmates out-of-state. The Assembly did not concur with this proposal.

The Governor’s budget includes savings of \$0.8 million from the exchange of 24 inmates sentenced at High Security with other New England states; of the inmates received, 14 would be placed in the Medium Security and 10 in the Maximum Security facility. This would result in the closure of two modules at High Security and the Governor includes savings of \$1.2 million from correctional officer overtime. These savings are offset by assumed costs of \$0.4 million. The calculation of the cost is the difference between the average per annum cost for the Department’s correctional facilities and per annum inmate costs for the Massachusetts facilities. However, the 24 inmates received from out-of-state would be integrated into modules occupied with the remainder of the population, so it appears there should be no cost assumed. The Department would incur costs only if more inmates were sent out-of-state than it received.

High Security Center Savings		
	Cost	Number of Inmates
<i>Out-of-State to ACI Facilities</i>		
CO Facility Transfer (Overtime Savings)	(1,170,406)	24
<i>ACI Facilities to Out-of-State</i>		
Inmate Placement Cost	393,114	(24)
Annual Savings	\$ (777,292)	-

Inmate Apprenticeship, Training and Employment (2.0 FTE). The Department’s capital request included \$550,000 for new printing equipment for its license plate shop. After procuring the equipment, the Department intends to join 3M in the reissuance process for all wave plates and take over plate issuance after the expiration of the 3M contract. Currently, the license plate shop is staffed by 18 people incarcerated at the Medium Security facility.

The Governor includes \$0.3 million in the Department’s budget and \$250,000 for the Department of Labor and Training to establish a workforce development program through the Real Jobs RI program. This includes \$0.1 million and a new position to manage the program. This would replace the license plate program as license plate production is no longer deemed a best practice in correctional programming. The Governor also includes \$0.1 million for a new position to collaborate with Labor and Training to help former inmates and contract vendors connect to improve access to employment. The Governor recommends that the Department continue to produce specialty plates using its current equipment, but that 3M will take over the full license plate reissuance and production beyond that.

Salaries and Benefits. The Department requests \$173.2 million for salaries and benefits for other institutional corrections staffing expenses which is \$1.7 million more than enacted, mostly from general revenues. Total overtime expenses are \$23.8 million which is \$4.4 million less than spent in FY 2019.

The Department’s revised request assumes 57 correctional officers out of the 70 in the class begin in June 2020 with the graduation of Correctional Officer Class 83, but indicates if additional vacancies are open at graduation it will fill those as well. When Correctional Officer Class 83 begins in June, the Department anticipates attrition of two correctional officers monthly through the entirety of the fiscal year, totaling 24 vacancies by the end of FY 2021. At the time of its request, the Department had 59 correctional officer vacancies. The FY 2021 request assumes the Department would graduate another correctional officer class, Class 84, which would begin in June 2021. There are no savings included from Class 84 in FY 2021.

The Department’s constrained budget request includes \$2.7 million in general revenue turnover savings from reducing overtime, closing modules, and reducing temporary staff. The Department includes \$0.6 million from eliminating overtime from non-correctional officer positions, \$1.8 million from closing modules at the Intake Center and Minimum Security Center, \$0.3 million from changes in the Department’s

absenteeism policies, and \$27,801 from lowering temporary services. Some of these savings appear to relate to ongoing population management as opposed to a specific savings initiative so it is unclear why these savings would not be included in the unconstrained request. The Department reports that an unexpected increase in population would require it to keep additional modules open.

The Governor recommends \$3.0 million less than requested but close to the amount in the constrained request. This includes \$0.5 million more for the staffing costs for the accelerated graduation time of Correctional Officer Class 84 who will begin work in December 2020, six months earlier than the assumed request start time of June 2021. The cost of this proposal is equal to the cost of 59 correctional officers for six additional months, offset by overtime savings.

The recommendation also includes projected savings in the constrained request, including \$1.8 million from closing modules through the regular course of population management, \$0.6 million from eliminating non-correctional officer overtime, as well as \$1.0 million from enforcement of the Department's absenteeism policies, and \$50,000 from a reduction in temporary services. There are also statewide medical benefit savings.

Temporary Staff. The Department requests \$0.3 million, which is \$0.1 million less than enacted, for temporary staff to offset vacancies in institutional corrections until these positions can be filled. The vacancies are in education, medical clerical services, classification and reentry services. This is consistent with the revised request and adjusts costs to reflect FY 2019 spending. *The Governor recommends \$10,341 less than requested.*

Discharge Planning. The Department requests \$2.6 million which is \$40,920 less than enacted, for discharge planning services based on expected contract costs. Discharge planning helps provide services to prevent recidivism including residence, employment or qualifying for entitlement programs. Services were previously provided by three different vendors, but were consolidated into a single provider contract in FY 2019. The vendor has continued to experience high levels of turnover which results in contractual savings of \$0.2 million for the Department for FY 2021. This is offset by an additional \$0.2 million reflecting actual discharge contract costs, except for \$80,000 which is for new contracts, for individuals with specialized needs such as for inmates with gang affiliations or mental health needs.

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. Of this, the Department of Corrections will pay a share of the vendor's staffing costs.

The Department's constrained budget request includes an additional \$0.2 million from general revenues for FY 2021 for seven new discharge planning positions, which would replace discharge planning contracted services. The proposal would have the Department deliver services itself to improve the quality of the delivery and ensure former inmates receive the services being delivered. This policy is expected to cost the same amount as the contract it replaces, but the Department includes \$0.2 million for a two month transition period in FY 2021 for service delivery from the vendor to the Department.

The Governor recommends bringing standard discharge planning services in house, consistent with the Department's constrained request. The Governor also recommends maintaining the enacted amount for specialized discharge services, \$0.2 million less than requested, for inmates with specialized needs which will continue to be delivered by vendors; however, of the requested additional \$0.2 million, all but approximately \$80,000 is for existing contracts.

The Governor's recommendation includes \$515,000 for the 7.0 requested positions assuming staggered start dates; 4.0 positions would begin at the start of FY 2021, 1.0 position in November, and 2.0 positions in March. This also assumes using the vendor until September 2020 to assist with the transition. Offsetting these costs, the recommendation funds only two months of the standard discharge planning contract, resulting in savings essentially the same as proposed staffing costs.

Discharge Planning					
	FY 2020	FY 2021	FY 2021	Gov. Change	
	Enacted	Request	Governor	to Enacted	Annualized
Standard Contract	\$ 864,242	\$ 618,120	\$ 103,020	\$ (761,222)	\$ (670,000)
New Staff Cost (7.0 FTE)	-	-	515,000	515,000	670,000
Specialized Discharge	731,733	937,135	731,733	-	-
Crossroads Contract	1,050,000	1,050,000	1,050,000	-	-
Total FY 2021 Cost	\$ 2,645,975	\$ 2,605,255	\$ 2,399,753	\$ (246,222)	\$ -

Medication Assisted Treatment. The Department requests \$2.3 million, which is \$37,647 less than enacted, from all funds for the medication assisted treatment program for opioid users that began in FY 2017. This includes \$51,000 more from general revenues to reflect actual contract costs for inmates treated for 180 days or less which is offset by \$88,647 less from federal funds to reflect its most recent award. The inmate is intended to start medication assisted treatment prior to release with community referral for ongoing treatment. The Department reports over two-thirds of inmates suffer from drug and/or alcohol abuse.

The funds are used to screen for opioid use and disorders and conduct an assessment of new inmates to determine treatment options. In FY 2019, the Department served 1,500 individuals through this program; an average of 300 inmates were treated per day. *The Governor recommends \$0.8 million from the Opioid Stewardship Fund to expand treatment, beginning on the night of commitment for inmates whose sentence is not long enough to support traditional treatment.*

Mental Health Services. The Department requests \$3.2 million from all sources of funds to ensure mental health services are available to inmates consistent with federal guidance. This is \$28,569 more than enacted from general revenues based on the contract value for FY 2021.

The Department contracts with several mental health providers with the largest being Lifespan. The Department spent \$1.5 million in FY 2019 on its partnership with Lifespan which is consistent with the FY 2020 enacted budget. The services provided by Lifespan include on-site psychiatrist services Monday through Friday, as well as on call hours for weekends in sentenced facilities. For the awaiting sentencing population, services are provided on-site seven days a week and on call for 12 hours per day all week. This includes a clinical nurse on-site with the psychiatrist. *The Governor recommends \$29,000 less than requested reflecting a lower population.*

Nursing Pool Contract. The Department requests \$150,000 from general revenues, which is \$50,000 less for contracted nursing pools which are used to cover necessary shifts when state employees refuse overtime. The Department reduces funding for nursing pools because its vacant nursing positions were filled in FY 2019. The request is approximately \$40,000 less than FY 2019 spending and is consistent with the revised request. *The Governor recommends funding as requested.*

Education Contracts. The Department requests \$150,000 from general revenues, which is \$26,000 less than enacted for classes provided through the Community College of Rhode Island for inmates who demonstrate good behavior. The request reflects anticipated costs for classes offered to the Department for FY 2021 and is consistent with the revised request. *The Governor recommends funding as requested.*

Education and Development Grants. The Department requests \$0.3 million from federal education and development grants which is \$0.1 million 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 \$50,000 more than requested from restricted receipts to reflect a new grant from the Lumina Foundation to evaluate and align postsecondary education provided during incarceration with market need, offset by adjustments for program supplies and equipment which more closely reflects FY 2019 spending.*

Other Institutional Corrections Operations. The Department requests \$8.0 million, mostly from general revenues, for all other institutional corrections expenses. This includes \$2.0 million for utilities, \$1.6 million for building maintenance and repairs, \$1.1 million for inmate payroll, and \$0.6 million from its share of state fleet costs. The request is \$34,483 less than enacted from general revenues including less funding for office supplies and utilities, which is consistent with the FY 2020 revised request. There are also additional federal funds awarded for family reunification services. *The Governor recommends \$1,529 less than requested from general revenues for out-of-state travel costs based on prior year spending.*

Other Programs

Correctional Officer Class 84. The Department requests \$1.2 million for the training of a new Correctional Officer Class 84 which is \$0.3 million more from general revenues than enacted. The Department's request assumes training begins in February 2021 and begins work in June 2021.

The Governor's FY 2020 recommendation shifted a third of the training costs for Class 83 from FY 2020 to FY 2019, anticipating that the first of three months of training would begin in June 2019. However, the Department's initial recruitment provided fewer recruits than needed to train for a new class, so the Department reopened recruitment through July 2019. *The Governor recommends \$0.1 million less than requested. Training would begin in September 2020 and Correctional Officers would begin work in December 2020, six months earlier than assumed in the request. The graduates are expected to fill 59 vacancies, with any remaining graduates being placed on a reserve list to fill vacant positions as they become available.*

Cognitive Behavioral Therapy. The Department requests \$0.6 million from general revenues, which is \$50,000 less than enacted, for the cognitive behavioral therapy program. The Department includes savings from coordinating with the Judiciary to sentence offenders to these services in place of being sentenced to a correctional institution. The Judiciary would oversee the offenders who are sentenced to these services.

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

The Governor recommends providing \$200,000 to the Judiciary, \$150,000 more than requested. The Department retains \$0.4 million. Funding in the Judiciary will be used to hire a clinician to assess if cognitive behavior therapy intervention would be beneficial to a defendant. Based on that assessment, the clinician would make a recommendation to the judge. If a defendant's healthcare will not cover the cost of any necessary therapy, funding could also be used to pay for that.

Other Salaries and Benefits. The Department requests \$27.5 million for salaries and benefits for staffing costs for central management, community corrections and the parole board. This is \$1.0 million more than enacted, including \$0.5 million for overtime which is \$0.3 million less than enacted. The Department plans

on filling additional positions in community corrections; probation and parole positions to reflect its current probation and parole workload. The request would fund 202.2 of the 207.0 positions allocated to these programs. *The Governor includes \$0.9 million less than requested reflecting additional turnover savings, and statewide medical benefit savings. The recommendation assumes approximately 7.0 more vacancies than requested.*

Temporary Staff. The Department requests \$0.1 million from general revenues which is \$20,707 less than enacted for temporary staff to address 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 experienced an increased volume of work. This also requires outside legal services to assist as the number of appeals continues to increase. This is consistent with the revised request. *The Governor recommends funding as requested.*

Case Management System Maintenance. The Department requests \$251,000 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 the enacted budget does not include funding for maintenance. The Department stated it expects the system to be completed in FY 2020 meaning maintenance will not be required until FY 2021. 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. *The Governor recommends funding as requested.*

Computer and Database Maintenance. The Department requests \$0.9 million for computers, software and database maintenance, which is \$10,462 less than enacted for database maintenance based on expected need and replacement for FY 2021. As of January 1, 2019, the Department has 818 computers and devices. *The Governor recommends \$73,028 less than requested for database support services, more consistent with FY 2019 spending.*

Property and Office Rental. The Department requests \$0.6 million for property rental, including probation and parole offices and office space at the Judiciary complex. This includes \$91,348 more than enacted to reflect actual contract costs which were not accounted for properly in the Department's FY 2020 request. The revised request correctly reflects the expected amount needed for these offices. *The Governor recommends funding as requested.*

Victim Services Grants. The Department requests authorization to spend \$0.2 million from federal funds to support existing victim services programs, \$16,087 less than enacted based on its most recent award information. 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.*

Justice Reinvestment Initiative Grant. The Department requests \$0.1 million from federal funds from a grant award for its role in the Justice Reinvestment Initiative, whose goal is to assist in the development of evidence-based practices. This was from a federal Department of Justice grant given to the Council of State Governments, which sub-awarded these additional funds to the Department. The Department has not identified how it specifically intends to use these funds; although, it appears to be for training. This is approximately \$0.2 million less than its revised request, reflecting the expected schedule for the distribution of the grant for FY 2020 and FY 2021. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$8.7 million from Rhode Island Capital Plan funds which is \$4.7 million less than enacted for projects scheduled for FY 2021. This reflects an accelerated timeline for renovations at the Medium Security facility, which are expected to be complete. The request is not consistent with the Department's capital request, as it did not adjust funding to reflect the updated Medium Security renovation timeline. *The Governor recommends \$2.4 million less than requested. A detailed description of these projects is included in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department's request is consistent with the enacted budget; \$3.0 million for centralized information technology services, \$6.5 million for facilities management, and \$2.0 million for human resources. In FY 2019, the Department spent \$12.2 million which is \$0.7 million more than enacted and requested. *The Governor recommends \$3.6 million more than requested based on Budget Office estimates which includes a change to the billing methodology, which now incorporates its status as a 24-7 operation. The change to the enacted budget includes \$3.1 million more for facilities management, \$0.4 million more for information technology services, and \$0.1 million more for human resources.*

Other Operations. The Department requests \$1.6 million, predominately from general revenues, for all other expenses at the Department, which is \$22,697 less than enacted from all sources. Expenses include \$0.8 million for services delivered to those on probation and parole, sex offender supervision, recidivism prevention, and the population estimate contract, \$0.3 million for medical services, \$0.1 million for staff training, \$0.1 million for security, and \$0.2 million for other expenses including utilities, office supplies, and postal and printing services. This includes decreases in stenographic services, janitorial services, and furniture. This largely reflects FY 2019 spending. *The Governor further reduces expenses by \$43,306 for legal expenses, interpreters, and other supplies which more closely reflects the enacted budget.*

Target - Transferring Costs to Other Agencies. The Department's constrained budget request proposes to transfer \$8.1 million of expenses from its budget to other agency budgets. The savings initiatives include transferring \$4.2 million of technology and purchasing costs to the Department of Administration, integrating \$1.9 million in revenue from correctional industries into its own budget rather than deposit these funds into the general fund, and transferring the \$1.1 million Crossroads sex offender contract to the Office of Housing and Community Development. Of the \$11.5 million in savings proposed in the Department's request, \$8.1 million are transfers of costs to other state agencies which would result in no savings to the state. *The Governor does not recommend this proposal.*

Target - Sex Offender Management (1.0 FTE). The Department's constrained budget request proposes an additional \$0.1 million from general revenue for FY 2021 for a new position for its Planning Unit to assist with the additional work mandated in the Sex Offender Registration and Notification statute. It is unclear why this was not requested in the unconstrained request and included as a target since additional funding is required for this. *The Governor does not recommend this proposal.*

Target - Contracted Service Reduction. The Department's constrained budget request includes \$0.6 million in savings from an approximately five percent reduction to the Department's total contracted services. The Department does not identify specific targets which would reduce costs that would impact services provided to inmates. *The Governor does not recommend this proposal.*

Target - Purchasing and Training Delays. The Department's constrained budget request includes \$0.3 million from delaying purchasing of uniforms and furniture, as well as delaying staff training. The Department typically issues new correctional officer uniforms each May, but the proposal would delay those purchases to occur in FY 2022, resulting in \$0.1 million in savings for FY 2021. However, the Rhode Island Brotherhood of Correctional Officer's contract includes purchasing these uniforms each May and this may lead to a grievance. The Department also would not purchase furniture in FY 2021 and non-correctional officer staff would not undergo training, resulting in an additional \$0.2 million in savings for FY 2021. *The Governor does not recommend this proposal.*

Judicial Department

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Supreme Court	\$ 39,501,622	\$ 38,375,220	\$ 36,981,747	\$ 37,041,005
Defense of Indigent Persons	4,403,487	4,668,421	4,837,000	4,985,432
Commission on Judicial Tenure & Discipline	154,616	154,469	155,793	155,514
Superior Court	25,380,113	25,223,379	26,559,848	25,518,719
Family Court	25,935,545	26,172,728	27,917,121	26,690,643
District Court	13,955,597	13,955,597	14,732,139	14,121,858
Traffic Tribunal	9,218,475	9,218,475	10,118,392	8,982,592
Workers' Compensation Court	8,943,104	8,930,623	9,257,644	8,992,003
Total	\$ 127,492,559	\$ 126,698,912	\$ 130,559,684	\$ 126,487,766
Expenditures by Category				
Salaries and Benefits	\$ 93,646,795	\$ 93,321,826	\$ 99,287,080	\$ 93,956,507
Contracted Services	2,532,003	2,442,096	2,540,803	2,740,803
Subtotal	\$ 96,178,798	\$ 95,763,922	\$ 101,827,883	\$ 96,697,310
Other State Operations	12,728,366	13,398,583	13,335,382	13,335,382
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,738,683	10,847,824	10,986,003	11,134,435
Capital	7,846,712	6,688,583	4,410,416	5,320,639
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 127,492,559	\$ 126,698,912	\$ 130,559,684	\$ 126,487,766
Sources of Funds				
General Revenue	\$ 105,213,960	\$ 105,318,280	\$ 111,086,763	\$ 106,383,394
Federal Aid	3,144,740	3,470,252	3,501,896	3,494,140
Restricted Receipts	13,007,786	12,942,436	13,281,248	13,010,232
Other	6,126,073	4,967,944	2,689,777	3,600,000
Total	\$ 127,492,559	\$ 126,698,912	\$ 130,559,684	\$ 126,487,766
FTE Authorization	726.3	726.3	726.3	726.3

Summary. The Judiciary requests \$130.6 million from all sources, including \$111.1 million from general revenues for FY 2021. This is \$3.1 million more than enacted, including \$5.9 million more from general revenues. Consistent with the enacted authorization, the Department requests 726.3 full-time equivalent positions.

The Governor recommends \$126.5 million from all sources, which is \$1.0 million less than enacted and \$4.1 million less than requested. General revenues are \$1.2 million more than enacted and \$4.7 million less than requested. The Governor recommends 726.3 full-time equivalent positions consistent with the enacted authorization.

Target Issues. The Budget Office provided the Judiciary with a general revenue target of \$101.6 million. The amount includes current service adjustments of \$1.2 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 \$4.8 million more than the target.*

FY 2021 Budget	Budget Office	Judiciary	Difference
FY 2020 Enacted	\$ 105,213,960	\$ 105,213,960	\$ -
Current Service Adjustments	1,150,142	5,872,803	4,722,661
Change to FY 2020 Enacted	\$ 1,150,142	\$ 5,872,803	\$ 4,722,661
FY 2021 Current Service/ Unconstrained Request	\$ 106,364,102	\$ 111,086,763	\$ 4,722,661
Target Reduction/Initiatives	(4,766,001)	-	4,766,001
FY 2021 Constrained Target/Request	\$ 101,598,101	\$ 111,086,763	\$ 9,488,662
<i>Change to FY 2020 Enacted</i>	\$ (3,615,859)	\$ 5,872,803	\$ 9,488,662

Staffing. The Judiciary requests \$99.3 million from all sources for salaries and benefits for 726.3 positions, which is \$5.6 million more than enacted from all sources. The enacted budget includes \$2.3 million in turnover savings equivalent to 18.7 vacant positions. The Judiciary’s FY 2021 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. The FY 2021 request is \$13.6 million more than spent in FY 2019 when there was an average of 672.7 filled positions. As of the December 7 pay period, the Judiciary had 39.7 vacant positions and has averaged 681.4 filled.

The Governor recommends \$94.0 million for salaries and benefits, which is \$0.3 million more than enacted and \$5.3 million less than requested. It includes \$3.5 million in turnover savings consistent with the enacted budget. As of the pay period ending January 18, 2020, the Judiciary has 38.7 vacant positions. Turnover savings in the Governor’s recommended budget is equivalent to approximately 28 positions.

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

Indigent Defense Services. The Judiciary requests \$4.8 million from general revenues for indigent defense services, which is \$0.4 million more than enacted and \$0.1 million more than the revised request. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation services to because of conflicts of interest. These expenditures have been steadily increasing over the years; FY 2016 expenses were \$3.9 million, \$4.0 million was spent in FY 2017, \$4.1 million was spent for FY 2018, and \$4.6 million is reported spent for FY 2019.

The Judiciary is also proposing that this funding be transferred to an executive branch agency, with the Judiciary maintaining the assigning of panel attorneys. The Judiciary believes the executive branch would be in a better position to analyze indigent defense caseloads, recommend appropriate staffing for the public defender’s office and to determine if there are any possible cost savings initiatives to reduce funding or if this funding should be shifted to the Office of the Public Defender’s budget. The Judiciary also argues that it should not be administering payments to the attorneys that appear before its tribunals and that this dynamic creates an appearance of impropriety.

The Judiciary has indicated that it does not know how indigent defense is treated in other states but that it believes there is a wide variety of entities responsible for managing the funds. Staff indicated that it would send out a request for information to the National Center of State Courts.

The Governor does not recommend transferring funding from the Judiciary to another agency but does recommend \$5.0 million for this program, which is \$0.1 million more than requested to cover additional cases being transferred from the Public Defender's Office.

Overhead Functions

Pay-Go Judges Pensions. The Judiciary requests \$5.1 million from all sources, including \$4.4 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 \$0.2 million less than enacted from general revenues 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. There are currently six remaining active judges whose pensions will be paid this way and they are all eligible to retire. *The Governor recommends funding as requested.*

Court Technology. The Judiciary requests \$6.9 million for its court computer technology expenses including the new case management system of which \$5.4 million is from general revenues. This is \$0.1 million more than enacted including \$81,038 more from general revenues and \$30,000 more from restricted receipts. This unit is responsible for overseeing the development and implementation of a technology system that includes computer maintenance, systems, software, intragovernmental technical training, 24/7 network monitoring and the interagency help desk. The enacted budget included \$0.2 million less than originally requested from general revenues based on the third quarter report; the revised request restores a portion of that reduction. The FY 2021 request restores the entire \$0.2 million. That is offset by \$0.1 million less for salaries and benefits to reflect a reduction in cost allocations to this account. *The Governor recommends \$13,465 less than requested from general revenues based on statewide medical benefit savings.*

Facilities and Operations. The Judiciary requests \$7.8 million from general revenues for the maintenance of the judicial complex facilities. This is \$0.1 million more than enacted and includes \$0.2 million more for salaries and benefits offset by a reduction of \$59,201 for building maintenance to reflect an increase in the allocation of operating expenses to non-judicial agencies occupying space within the courthouses. Salary and benefit expenses are \$0.2 million more than spent in FY 2019. The facilities and operations division is responsible for the execution and coordination of various services relating to the courthouses, infrastructure and grounds. *The Governor recommends \$11,180 less than requested based on statewide medical benefit savings.*

Finance, Budget and Employee Relations. The Judiciary requests \$2.8 million from general revenues to support the finance, budget and employee relations function. This is \$0.5 million more than enacted to reflect current service adjustments, no turnover savings, and an additional staff person allocated to the employee relations function. The request is \$0.4 million or 14.6 percent more than spent in FY 2019. *The Governor recommends \$10,458 less than requested based on statewide medical benefit savings.*

Community Outreach and Public Support. The Judiciary requests \$1.1 million from general revenues to support the community outreach and public support function including interpreters for FY 2021. This is \$0.2 million less than enacted mostly for salaries and benefits to reflect revisions to the cost allocations of several positions. Contracted interpreter services are reduced by \$11,000 to be consistent with the revised request. The Judiciary indicates that these types of expenses are difficult to predict and the budget is based on current trials. *The Governor recommends \$4,723 less than requested based on statewide medical benefit savings.*

Planning. The Judiciary requests \$0.3 million from general revenues to support its planning function which includes \$2,437 more than enacted for salaries and benefits. The Office develops the Judiciary's quarterly statistics reports and performance measures by compiling data from all courts, provides staff support to Supreme Court committees and outside committees as requested, coordinates diversity training programs

for court employees and new attorneys, applies for and monitors certain judicial grants, and assists in special technology projects. *The Governor recommends \$541 less than requested based on statewide medical benefit savings.*

Education. The Judiciary requests \$0.3 million from general revenues for the education function which is \$10,395 more than enacted for salary and benefit expenditures to reflect current service adjustments consistent with Budget Office planning values and no turnover savings. The education function includes overseeing mandatory continuing legal education for attorneys and the education program for judges and magistrates. *The Governor recommends \$1,564 less than requested from general revenues based on statewide medical benefit savings.*

Clerks/Records Center. The Judiciary requests \$3.9 million from general revenues for the clerks and record center functions. This is \$0.3 million more than enacted for salaries and benefits. The request reflects full funding for all staff and current service adjustments consistent with Budget Office planning values.

The Judicial Records Center is located in rented property on Hill Street in Pawtucket and serves as the central repository for the state's semi-active, inactive and archival court records. Current records that are still necessary for the daily operations of the courts remain stored at the Clerk's Office of the respective court. Clerks also provide legal research and writing assistance to the judges and magistrates of the Superior, Family, District, and Workers' Compensation Courts and the Traffic Tribunal. *The Governor recommends \$17,706 less than requested based on statewide medical benefit savings.*

Disciplinary Board/Counsel. The Judiciary requests \$1.2 million from restricted receipts to support the Rhode Island Supreme Court Disciplinary Counsel Office for FY 2021. This is \$4,905 more than enacted for salaries and benefits. According to Supreme Court Article IV, Rule 1, this restricted receipt account collects annual fees of \$200 from each active attorney in the Rhode Island Bar to fund the Disciplinary Board and Counsel functions. The goal of the Disciplinary Board is to process disciplinary complaints filed against Rhode Island attorneys as expeditiously and fairly as possible and to reduce the number of complaints filed by increasing awareness of, and compliance with, the Rules of Professional Conduct. *The Governor recommends \$5,375 less than requested based on statewide medical benefit savings.*

Law Library. The Judiciary requests \$1.2 million from general revenues to support the law library for FY 2021. The Law Library is a complete, publicly accessible legal reference service with over 110,000 volumes and computer aided legal research. This is \$14,013 less than enacted and includes \$10,000 less for dues and fees to reflect FY 2019 spending. Salaries and benefits are \$4,013 less than enacted to reflect turnover from filling a recent vacancy. *The Governor recommends \$3,406 less than requested based on statewide medical benefit savings.*

Appellate Screening Unit. The Judiciary requests \$0.9 million from general revenues to support the activities of the appellate screening unit for FY 2021. The Appellate Screening Unit is the central staff attorney's office for the Supreme Court. The unit screens all civil and criminal appeals that come before the Supreme Court and schedules pre-briefing conferences. The request is \$3,605 more than enacted for salaries and benefits; it is \$0.1 million more than spent in FY 2019. *The Governor recommends \$3,323 less than requested based on statewide medical benefit savings.*

Board of Bar Examiners. The Judiciary requests \$0.2 million from general revenues to support the Board of Bar Examiners for FY 2021. The Board of Bar Examiners tests the legal knowledge of bar applicants by administering the Rhode Island Bar examination. The request is \$4,738 more than enacted. This includes \$1,538 more for salaries and benefits to reflect current service adjustments for the 1.0 full-time equivalent position that supports the Board and \$3,200 more for food based on FY 2019 spending. *The Governor recommends \$782 less than requested based on statewide medical benefit savings.*

Capital Projects. The Department requests \$2.7 million from Rhode Island Capital Plan funds for its capital projects for FY 2021. This is \$3.4 million less than enacted to reflect revisions to several projects and an error for one project. The operating request does not match the capital budget submission. The operating request includes \$350,000 more for the Murray Courtroom restoration project, \$0.5 million more for the fan coil project, and \$2.2 million less for the Noel shelled courtroom build out project than the capital budget request. *The Governor recommends \$2.5 million less than enacted and \$0.9 million more than requested. A detailed description of the projects is included in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Judiciary requests \$98,649 from general revenues for its share of centralized information technology services, consistent with the enacted level and \$11,028 more than spent in FY 2019. *The Governor recommends funding as requested.*

Supreme Court

Salaries and Benefits. The Judiciary's request includes \$5.2 million from general revenues for salaries and benefits to support positions in the Supreme Court not associated with the previously described overhead functions. This is \$0.1 million more than enacted and reflects current service adjustments consistent with Budget Office planning values and no turnover savings. The request is \$0.2 million or 4.7 percent more than spent in FY 2019. *The Governor recommends \$0.8 million less than requested to reflect \$0.7 million in turnover savings and \$0.1 million in statewide medical benefit savings.*

Rhode Island Legal Services. The FY 2020 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 2019-H 5151, Substitute A, as amended. The Judiciary requests funding as enacted. It should be noted that Legal Services also receives \$5 of each filing fee of action in district court and \$10 of each filing fee of action in superior and family court which amounts to \$0.3 million annually. *The Governor recommends funding as requested.*

Rhode Island Coalition Against Domestic Violence. The FY 2020 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 2019-H 5151, Substitute A, as amended. The Judiciary requests funding as enacted. *The Governor recommends funding as requested.*

Other Operations. The Judiciary requests \$2.0 million from all sources, including \$1.0 million from general revenues, for all other expenses of the Supreme Court. Expenditures are programmed for rental payments, equipment maintenance, information technology and other expenses. The request is \$29,000 more than enacted from general revenues for contracted security services and consistent with the revised request and FY 2019 spending. *The Governor recommends funding as requested.*

Superior Court

Judicial Appointments. The Judiciary requests \$0.7 million from general revenues for FY 2021 to fill three vacant associate justice positions in Superior Court. The Judiciary assumes the positions will be filled in the fourth quarter of FY 2020. The FY 2020 enacted budget includes \$0.2 million to fill one justice based on the Governor's December 10, 2018 appointments. *The Governor recommends funding as requested.*

Superior Court Diversion Program. The Judiciary requests the enacted level of \$50,000 from general revenues for an assessment tool for use by the Superior Court's 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 2019 Assembly added \$0.3 million from general revenues and 3.0 new full-time equivalent positions dedicated to this program. Staff will be responsible for monitoring and maintaining records on defendants in the program and includes two case managers and one supervisor. The three employees have been hired as of the budget submission.

The Governor recommends shifting \$0.2 million from general revenues from the Department of Corrections to the Judiciary in support of the cognitive behavior therapy program. Funding will be used to hire a clinician to assess if cognitive behavior therapy intervention would be beneficial to a defendant. Based on that assessment, the clinician would make a recommendation to the judge. If a defendant's healthcare will not cover the cost of any necessary therapy, funding could also be used to pay for that.

Other Salaries and Benefits. The Judiciary's request includes \$21.8 million, primarily from general revenues for the salaries and benefits of the Superior Court's 163.7 full-time equivalent positions. This excludes the judicial appointments discussed previously. The request is \$0.4 million more than enacted and \$2.6 million more than spent in FY 2019 and does not include any turnover savings. *The Governor recommends \$1.2 million less than requested from general revenues to reflect \$1.1 million in turnover savings and \$0.1 million in statewide medical benefit savings.*

Other Operations. The Judiciary requests \$2.1 million for all other expenses of the Superior Court including rental expenses, services related to specialty courts, outside legal services, and insurance. The request is \$500 more than enacted, including \$14,000 more from general revenues and \$13,500 less from federal funds. General revenue changes include reductions to contracted interpreters and private security services no longer necessary with the completion of the Garrahy parking garage offset by increases to office supplies and postage based on FY 2019 spending. *The Governor recommends funding as requested.*

District Court

Salaries and Benefits. The Judiciary's request includes \$12.9 million from general revenues, which is \$0.7 million more than enacted and \$1.3 million more than spent in FY 2019 for the salaries and benefits for the District Court's 95.0 full-time equivalent positions. The requested changes reflect current service adjustments and no turnover savings. *The Governor recommends \$0.6 million less than requested to reflect \$0.5 million in turnover savings and \$51,846 in statewide medical benefit savings.*

Other Operations. The Judiciary requests \$0.7 million for all other expenses for the District Court, including \$0.6 million from general revenues and \$60,000 from restricted receipts. Major expenditures include office supplies, printing and insurance. This is \$55,900 more than enacted from general revenues consistent with the revised request. General revenue changes include a reduction of \$30,000 as private security is no longer needed with the completion of the Garrahy Courthouse parking garage. Those savings are offset by increases of \$0.1 million for office supplies, postage and printing based on FY 2019 spending. *The Governor recommends funding as requested.*

Family Court

Judicial Appointments. The Judiciary requests \$0.5 million from general revenues for FY 2021 to fill one associate justice and one magistrate in Family Court. The Judiciary assumes the positions will be filled in the fourth quarter of FY 2020. The FY 2020 enacted budget includes \$0.5 million to fill one justice based

on the Governor's December 10, 2018 appointments and one magistrate, which is not appointed by the Governor. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary's request includes \$23.8 million from all sources, including \$21.7 million from general revenues and \$2.0 million from federal funds, for the salaries and benefits of the Family Court's 170.7 full-time equivalent positions excluding judicial appointments discussed previously. The request is \$1.3 million more than enacted and \$2.7 million more than spent in FY 2019. The request reflects current service adjustments and no turnover savings. *The Governor recommends \$1.2 million less than requested to reflect \$1.1 million in turnover savings and \$0.1 million in statewide medical benefit savings.*

Other Operations. The Judiciary requests \$2.3 million for all other Family Court expenses for FY 2021. These include mileage reimbursement, office supplies, services related to specialty programs, insurance and auditing services. This is \$0.2 million more than enacted, including \$16,200 more from general revenues and \$0.2 million more from federal funds consistent with the revised request for improvements to the child support enforcement system. System enhancements include redaction software, juror system enhancements, and a payment plan system. General revenue changes include additional funding for interpreters and maintenance and repairs of stenography equipment, copiers/scanners, and date stamps. *The Governor recommends funding as requested.*

Traffic Tribunal

Salaries and Benefits. The Judiciary's request includes \$9.1 million from general revenues for the salaries and benefits of the Traffic Tribunal's 76.2 full-time equivalent positions. The request is \$1.0 million more than enacted and \$1.5 million more than spent in FY 2019. The request includes current service adjustments and no turnover savings. *The Governor recommends \$1.1 million less than requested to reflect \$1.1 million in turnover savings and \$36,793 in statewide medical benefit savings.*

Other Operations. The request includes \$0.7 million from general revenues for all other expenses of the Traffic Tribunal such as postal services, printing, travel costs, and office supplies. This is \$73,000 less than enacted consistent with the revised request to more closely align the budget with FY 2019 spending. *The Governor recommends funding as requested.*

Worker's Compensation Court

Judicial Appointments. The Judiciary requests \$0.2 million from restricted receipts for FY 2021 to fill one associate justice in Workers' Compensation Court. The Judiciary assumes the position will be filled in the fourth quarter of FY 2020. The FY 2020 enacted budget includes \$0.5 million to fill two justices based on the Governor's December 10, 2018 appointments. *The Governor recommends funding as requested.*

Other Salaries and Benefits. The Judiciary requests \$7.4 million from restricted receipts for the salaries and benefits of the Workers' Compensation Court's other 48.0 full-time equivalent positions. This is \$25,716 more than enacted and \$1.3 million more than spent in FY 2019 and represents current service adjustments. *The Governor recommends \$0.3 million less than requested. This includes \$0.2 million in turnover savings and \$25,506 in statewide medical benefit savings.*

Other Operations. The request includes \$0.9 million from restricted receipts for all other expenses, which is \$47,800 more than enacted for security services and insurance. This is consistent with the revised request. *The Governor recommends funding as requested.*

Judicial Tenure and Discipline

Judicial Tenure and Discipline. The Judiciary requests \$0.2 million from general revenues, which is \$1,124 more than enacted to support the Commission on Judicial Tenure and Discipline for FY 2021. The requested increase is for staffing costs to reflect current service adjustments and no turnover savings; the request is \$5,724 more than spent in FY 2019. The Commission is responsible for conducting investigations of judges suspected of, or charged with, misconduct. *The Governor recommends \$279 less than requested to reflect statewide medical benefit savings.*

Military Staff

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 10,522,226	\$ 8,927,282	\$ 9,658,258	\$ 9,790,373
Contracted Services	2,132,277	2,240,210	2,349,073	2,315,023
Subtotal	\$ 12,654,503	\$ 11,167,492	\$ 12,007,331	\$ 12,105,396
Other State Operations	17,764,461	18,326,495	18,987,676	18,941,375
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	296,343	297,300	297,300	297,300
Capital	10,433,653	12,848,000	9,488,152	7,622,904
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 41,148,960	\$ 42,639,287	\$ 40,780,459	\$ 38,966,975
Sources of Funds				
General Revenue	\$ 3,219,493	\$ 2,914,664	3,370,661	\$ 3,227,916
Federal Aid	34,354,996	33,913,980	34,818,822	34,984,059
Restricted Receipts	55,000	55,000	55,000	55,000
Other	3,519,471	5,755,643	2,535,976	700,000
Total	\$ 41,148,960	\$ 42,639,287	\$ 40,780,459	\$ 38,966,975
FTE Authorization	92.0	92.0	93.0	96.0

Summary. The Military Staff requests FY 2021 expenditures of \$40.8 million from all sources, including \$3.4 million from general revenues. The request is \$0.4 million less than enacted, including increases of \$0.2 million from general revenues and \$0.5 million from federal funds and \$1.0 million less from Rhode Island Capital Plan funds. The request includes staffing of 93.0 full-time equivalent positions, 1.0 more than the authorized level.

The Governor recommends \$39.0 million from all sources, which is \$2.2 million less than enacted, including \$8,423 more from general revenues. The recommendation is \$1.8 million less than requested mostly from Rhode Island Capital Plan funds. The Governor recommends 96.0 full-time equivalent positions, 3.0 more than requested.

Target Issue. The Budget Office provided the Military Staff with a general revenue target of \$3.1 million. The amount includes current service adjustments of \$20,562 and a 5.0 percent target reduction of \$0.2 million.

FY 2021 Budget	Budget Office	Military	Difference
FY 2020 Enacted	\$ 3,219,493	\$ 3,219,493	\$ -
Current Service Adjustments	20,562	(6,396)	(26,958)
New Initiatives	-	157,564	157,564
Change to FY 2020 Enacted	\$ 20,562	\$ 151,168	\$ 130,606
FY 2021 Current Service/ Unconstrained Request	\$ 3,240,055	\$ 3,370,661	\$ 130,606
Target Reduction/Initiatives	(159,667)	(290,273)	(130,606)
FY 2021 Constrained Target/Request	\$ 3,080,388	\$ 3,080,388	\$ -
<i>Change to FY 2020 Enacted</i>	<i>\$ (139,105)</i>	<i>\$ (139,105)</i>	<i>\$ -</i>

The constrained budget submitted by the agency is consistent with the target. The proposal to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$0.1 million more than the target.*

Injured on Duty. The enacted budget assumes an average of seven individuals would be out on injured on duty. Although federal funds support active firefighters, the state must pay the cost when a firefighter is on injured on duty status. As of September 2019, the Military Staff had three individuals on injured on duty status retire. The Military Staff requests \$0.4 million from general revenues which is \$0.3 million less than enacted for payments to current injured on duty Rhode Island National Guard firefighters. The FY 2021 request assumes an average of 4.0 firefighters will remain out on injured on duty through FY 2021, which is three less than the enacted budget. Article 3, Section 12 of 2019-H 5151, Substitute A, as amended includes several changes to the injured on duty law which limits the amount of time this benefit is applicable. As of July 1, 2019, current recipients of injured on duty payments have 90 days to apply for accidental disability benefits, otherwise benefits will be terminated. Savings from this initiative are budgeted centrally in the Department of Administration, but the Military Staff's request repurposes all of the savings elsewhere within its own budget. *The Governor recommends \$1,340 less than requested, reflecting statewide medical benefit adjustments.*

Firefighters. The Military Staff requests \$3.4 million from federal funds which is \$29,292 more than enacted for the Rhode Island National Guard firefighters program. The request includes \$3.3 million for salary and benefit costs for the 30.0 authorized firefighter positions. The request includes benefit rates consistent with FY 2021 planning values. It also decreases projected expenses for firefighters who intermittently enter injured on duty status. This results in the requested salary and benefit costs for firefighters being \$9,788 less than enacted.

The Office requests \$39,080 more than enacted for operating expenses, specifically clothing, equipment and training for new firefighters. Three firefighters previously out on injured on duty retired and will be replaced in FY 2020 and these costs are for the new firefighters who replace those individuals. *The Governor recommends 3.0 additional firefighter positions and \$0.2 million more than enacted which would fund two of the positions; however, it appears the intent was to fully fund the new positions.*

New Equipment. The Military Staff requests \$58,544, including \$29,272 from general revenues, for new ground maintenance equipment for which the enacted budget includes no funding and the revised request includes \$0.2 million. The purchases will include truck sanders for snow, chainsaws, lawnmowers, tractors and other maintenance equipment. The Military Staff reports that its current equipment is not working well and needs to be replaced. *The Governor excludes general revenues for this item; the Military Staff indicates that general revenues are required as match for federal funds.*

Joint Force Headquarters. The Military Staff requests \$0.8 million for operations for its Joint Force Headquarters, including \$0.1 million from general revenues for costs associated with the opening of the new Joint Force Headquarters building which will replace the existing Command Readiness Center currently shared with the Emergency Management Agency. The building is expected to open in January 2020 and requested funds are for utilities and maintenance costs, including snowplowing, grounds keeping, janitorial services and landscaping. The revised request includes \$0.2 million for this expense. This reflects a full year of costs to maintain the facility. *The Governor recommends \$44,756 less than requested from general revenues which lowers the funding for snowplowing and janitorial services. The Military Staff plans on entering into a new janitorial services contract in the second half of FY 2020 and assumes essentially the same amount of savings in her revised recommendation from the new contract.*

Airport Agreement. The Military Staff requests \$0.5 million for a new agreement with the Airport Corporation for use of the Quonset State Airport for training and parking of military planes which is \$0.2 million more than enacted. The agreement had originally expired in FY 2017, and an agreement was

reached for a new 10 year agreement in August 2019. The agreement had to be approved by the Airport Corporation, the Federal Aviation Administration and the Military Staff. The request reflects the agreed upon amount for FY 2021. From October 1, 2018 through September 2027, the Military Staff must pay approximately \$374,000 annually for use and its share of other fees which are related to the shared costs such as snow removal, removing disabled government aircraft and repairing facilities when damage is caused solely by government aircraft operations. *The Governor recommends funding as requested.*

Deputy Director (1.0 New FTE). The Military Staff requests \$0.2 million from general revenues for a new deputy director position who would run the Military Staff's day to day functions and other routine administrative functions. This position would be the third position in the Military Staff paid solely with general revenues with the Adjutant General and his secretary being the other two. This position is included as a new position in the Military Staff's FY 2020 revised request and is funded for the entirety of FY 2021. Other responsibilities include overseeing budget responsibilities, including developing budget initiatives, overseeing all staff, and preparing required fiscal reports. *The Governor recommends funding as requested and assumes use of an existing vacancy. The Governor includes \$63,076 in her revised recommendation for half a year for this position.*

Other Salaries and Benefits. The Military Staff requests \$5.7 million from all sources for the remaining 62.0 full-time equivalent positions. The request is \$0.7 million less than enacted. The Governor's FY 2020 recommendation includes current service adjustments, but non-general revenue sources were not adjusted; the request correctly adjusts the federal funds expenses by \$50,000. The request also removes \$0.6 million for 6.0 vacant federally funded positions for which the staffing authorization was eliminated in the enacted budget. The requested amount fully funds all Military Staff positions and reflects the distribution of staffing costs attributable to federal funds as agreed upon with the Department of Defense.

The constrained request removes 7.0 full-time equivalent positions and funding for those positions resulting in the general revenue constrained target savings of \$0.3 million and total savings of \$0.8 million. *The Governor recommends \$27,801 less than requested, including \$5,222 from general revenues, reflecting statewide medical benefit savings.*

Counterdrug Asset Forfeiture. Consistent with the enacted budget, the Military Staff requests \$2.4 million from federal funds to construct a new counterdrug facility at Camp Fogarty in East Greenwich in FY 2021. The funds are part of the state's overall Google settlement. Funding of \$2.4 million is divided between FY 2020 and FY 2021 which is the expected time it will take to construct this facility. 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.*

Cybersecurity and Activations. Consistent with the enacted budget, the Military Staff requests \$51,638 from general revenues for the Rhode Island National Guard to participate in the Governor's Cybersecurity Commission working groups and for activation for emergency responses during storms and power outages. The National Guard is prohibited from using federal funds for such state activities. The funding also supports the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. FY 2019 expenditures of \$63,622 were approximately \$10,000 more than enacted for inauguration. *The Governor recommends funding as requested.*

Military Funeral Honors. The Military Staff requests \$137,300 from general revenues to reflect projected costs for military funeral honors in FY 2021. This is \$957 more than enacted and is \$10,250 more than FY 2019 expenditures. Retired military members are paid a \$50 stipend to perform military honors at funerals. A federal memorandum from October 2012 indicated that federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals. *The Governor recommends funding as requested.*

Maintenance and Repairs. The Military Staff requests \$2.0 million for building maintenance and repairs. This is \$163,533 more than enacted, including \$70,588 more from general revenues and \$92,945 more from federal funds. It appears that total funding was adjusted to more closely reflect FY 2019 actual spending but allocates a greater proportion to general revenues. *The Governor recommends \$31,545 less from general revenues than requested, providing general revenues only for projects that have a federal reimbursement.*

Utilities. The Military Staff requests \$4.7 million or \$0.1 million less 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 2021 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 Governor recommends funding as requested.*

Security Services. The Military Staff requests \$1.2 million from federal funds for security services at all of its locations. This is \$0.1 million more than enacted. The Military Staff indicates that at the time of its budget request, it had put security services out to bid. The federal regulations require levels of security and with the increasing frequency of active shooters the amount of security must increase. Security costs are entirely federally funded. *The Governor recommends funding as requested.*

Capital Projects. Consistent with the capital budget request, the Military Staff requests \$18.1 million from all sources, including \$1.0 million less from Rhode Island Capital Plan funds for its capital projects. This is \$0.9 million less than enacted, including \$0.1 million more from federal funds and \$1.0 million less from Rhode Island Capital Plan funds. *The Governor recommends \$1.8 million less than requested. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Military Staff requests \$185,658 which is \$23,045 more than enacted for its share centralized services to include costs for its new Joint Force Headquarters building. *The Governor recommends \$21,344 less than requested from general revenues based on Budget Office estimates.*

Statewide Adjustments. Consistent with the revised request, the Military Staff's FY 2021 request restores \$28,410 from general revenues in statewide savings included in the enacted budget. The Governor proposed to reduce operating costs through three separate initiatives related to insurance, contract savings, and prompt payment. Some savings were allocated to agencies based on budgeted amounts for certain expenses but other savings were allocated to all agencies based on all operating costs including rent and centralized services. *The Governor recommends funding as requested.*

Other Expenses. The Military Staff requests \$1.3 million which is \$42,064 more than enacted, including \$25,724 more from general revenues for all other expenses for the National Guard. The adjustments largely reflect actual FY 2019 spending and spending through the first quarter of FY 2020 including adjustments for office supplies, transportation and travel costs. *The Governor recommends \$9,266 less than requested for supplies.*

Rhode Island Emergency Management Agency

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,797,345	\$ 3,920,222	\$ 4,008,577	\$ 3,993,821
Contracted Services	437,319	292,052	347,531	347,531
Subtotal	\$ 4,234,664	\$ 4,212,274	\$ 4,356,108	\$ 4,341,352
Other State Operations	3,207,716	3,522,377	3,414,688	3,873,940
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	4,238,755	8,940,742	3,222,255	3,222,255
Capital	1,941,454	1,691,340	1,807,164	1,779,414
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 13,622,589	\$ 18,366,733	\$ 12,800,215	\$ 13,216,961
Sources of Funds				
General Revenue	\$ 2,364,647	\$ 2,362,651	\$ 2,445,683	\$ 2,901,055
Federal Aid	9,295,523	13,874,981	8,027,729	8,018,360
Restricted Receipts	468,005	634,687	554,639	553,132
Other	1,494,414	1,494,414	1,772,164	1,744,414
Total	\$ 13,622,589	\$ 18,366,733	\$ 12,800,215	\$ 13,216,961
FTE Authorization	32.0	32.0	32.0	32.0

Summary. The Rhode Island Emergency Management Agency requests \$12.8 million, including \$2.4 million from general revenues. This is \$0.8 million less than enacted including \$0.1 million more from general revenues, \$1.3 million less from federal funds, \$0.1 million more from restricted receipts, and \$0.3 million more from Rhode Island Capital Plan funds. The Agency requests 32.0 full-time equivalent positions, consistent with the enacted authorization.

The Governor recommends \$13.2 million from all sources, which is \$0.4 million less than enacted and \$0.4 million more than requested. General revenues are \$0.5 million more than enacted and requested. The Governor also recommends staffing as enacted.

Target Issues. The Budget Office provided the Agency with a general revenue target of \$2.3 million. The amount includes current service adjustments of \$8,752 and a 5.0 percent target reduction of \$0.1 million adjusted for certain exclusions.

	Budget Office	Emergency Management	Difference
FY 2021 Budget			
FY 2020 Enacted	\$ 2,364,647	\$ 2,364,647	\$ -
Current Service Adjustments	8,752	81,036	72,284
Change to FY 2020 Enacted	\$ 8,752	\$ 81,036	\$ 72,284
FY 2021 Current Service/ Unconstrained Request	\$ 2,373,399	\$ 2,445,683	\$ 72,284
Target Reduction/Initiatives	(111,892)	(111,892)	-
FY 2021 Constrained Target/Request	\$ 2,261,507	\$ 2,333,791	\$ 72,284
<i>Change to FY 2020 Enacted</i>	<i>\$ (103,140)</i>	<i>\$ (30,856)</i>	<i>\$ 72,284</i>

The Agency submitted a constrained budget that reduces general revenue support for the Rhode Island Statewide Communications network by \$111,892. *The Governor's budget is \$0.6 million more than the target.*

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 \$28,863 more than enacted from general revenues, including \$24,185 to restore statewide savings, and \$4,678 more for current service staffing costs. The federal funds are used for major maintenance costs and the replacement of radio control boards, and Rhode Island Capital Plan funds support upgrades to the network.

The constrained request includes a general revenue reduction of \$111,892. The Agency notes that general revenues are used as a match for the Emergency Management Performance grant, and that the reduction would result in an equal reduction in federal funds to the Agency.

The Governor recommends \$277,492 more than requested from general revenues for maintenance of the CodeRED system for which the Agency requested Rhode Island Capital Plan funds. CodeRED is an emergency response notification system, which sends public safety-related alerts.

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

Other Salaries and Benefits. The Agency requests \$3.8 million, including \$0.7 million from general revenues, \$2.7 million from federal funds, and \$0.3 million from restricted receipts for other salaries and benefits. This is \$0.2 million more than enacted, including \$0.1 million more from general revenues and \$0.1 million more from restricted receipts. The request restores \$0.1 million of turnover savings included in the enacted budget, and shifts certain costs from federal funds to available restricted receipts. The Agency plans to fill current vacancies by January 2020. As of the pay period ending December 7, 2019, the Agency has 2.0 vacant positions and averaged 29.5 filled positions for FY 2019. *The Governor recommends \$14,498 less than requested, including \$3,622 less from general revenues, to reflect statewide medical benefit savings.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The enacted budget of \$0.1 million from general revenues includes \$43,775 for human resources, \$1,500 for facility management services, and \$90,289 for information technology services. The Agency requests \$60,000 less for information technology. It is unclear what this represents as FY 2019 spending was \$0.3 million and only appears to have included approximately \$30,000 in one-time costs. *The Governor recommends \$0.1 million more than enacted and \$0.2 million more than requested based on Budget Office estimates.*

Capital Projects. The Agency requests \$0.3 million from Rhode Island Capital Plan funds for a new project for maintenance to the Agency's CodeRED emergency response notification system, consistent with the capital budget request. *The Governor recommends that CodeRED maintenance be funded from general revenues but does add \$250,000 for a feasibility study for a new building. A detailed description of this project is included in the Capital Budget section of this publication.*

Disaster Relief. The Agency requests \$0.2 million, or \$1.2 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 2021 for entities affected by Tropical Storm Irene and the blizzard of 2013. *The Governor recommends funding as requested.*

Emergency Operations and Performance Grants. The Agency requests \$1.3 million from federal funds for emergency operation expenditures, which is \$34,301 less than enacted. The Agency notes the requested reduction is based in part on the volume of 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 \$3.7 million for federal homeland security related upgrades throughout the state. The request is \$0.3 million more than enacted based on projected awards and updated expenditure plans. The request is \$0.4 million less than spent in FY 2019. *The Governor recommends funding as requested.*

Other Federal Grants. The Agency requests \$0.2 million from all other federal grant awards and related expenditures. The request is \$0.4 million less than enacted based on projected awards and updated expenditure plans. *The Governor recommends funding as requested.*

Other Operations. The Agency requests \$0.4 million from all sources, including \$0.1 million from general revenues for all other expenses. This is \$19,911 more from general revenues to reflect minor adjustments to building maintenance, janitorial services, and utilities which appear to have been inadvertently underfunded in the Agency's FY 2020 original operating request. It also includes \$22,650 more from restricted receipts for expenses associated with Radiological Emergency Preparedness Training. *The Governor recommends funding as requested.*

Department of Public Safety

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 15,508,413	\$ 15,894,113	\$ 11,126,909	\$ 11,122,949
E-911	7,014,261	7,067,961	7,867,049	7,563,080
Capitol Police	4,826,763	4,941,942	4,896,119	4,914,086
Sheriffs	21,946,856	21,420,867	22,074,088	21,764,098
Municipal Police Training Academy	716,044	796,508	818,507	816,943
State Police	88,196,019	91,739,700	91,149,054	89,474,401
Total	\$ 138,208,356	\$ 141,861,091	\$ 137,931,726	\$ 135,655,557
Expenditures by Category				
Salaries and Benefits	\$ 105,038,315	\$ 103,652,967	\$ 108,421,671	\$ 106,862,959
Contracted Services	942,639	1,839,537	1,758,221	1,758,221
Subtotal	\$ 105,980,954	\$ 105,492,504	\$ 110,179,892	\$ 108,621,180
Other State Operations	14,399,051	15,875,629	15,512,296	15,483,839
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	14,000,517	13,946,405	9,031,980	9,531,980
Capital	3,827,834	6,546,553	3,207,558	2,018,558
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 138,208,356	\$ 141,861,091	\$ 137,931,726	\$ 135,655,557
Sources of Funds				
General Revenue	\$ 105,918,952	\$ 105,267,826	\$ 107,439,624	\$ 105,726,368
Federal Aid	19,986,405	24,843,073	17,364,168	17,354,609
Restricted Receipts	6,136,198	6,348,890	8,752,989	9,389,065
Other	6,166,801	5,401,302	4,374,945	3,185,515
Total	\$ 138,208,356	\$ 141,861,091	\$ 137,931,726	\$ 135,655,557
FTE Authorization	593.6	593.6	610.6	598.6

Summary. The Department's request includes \$137.9 million from all sources, which is \$0.3 million less than enacted. Expenditures include \$1.5 million more from general revenues, \$2.6 million less from federal funds, \$2.6 million more from restricted receipts, and \$1.8 million less from other funds. The request for 610.6 full-time equivalent positions is 17.0 positions more than authorized including 12.0 new Capitol Police. *The Governor recommends \$135.7 million from all sources and five new positions. This is \$2.6 million less than enacted including \$0.2 million less from general revenues. The recommendation is \$2.3 million less than requested including \$1.7 million less from general revenues.*

Target Issues. The Budget Office provided the Department with a general revenue target of \$102.2 million. The amount includes current service adjustments of \$0.7 million and a 5.0 percent target reduction adjusted for certain exclusions, of \$4.4 million. The constrained budget is \$2.9 million more than the target. Adjusting for estimated revenue from three revenue generating proposals, the constrained budget is \$1.8 million more than the target. The proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's budget is \$3.5 million more than the target.*

FY 2021 Budget	Budget Office		DPS	Difference		
FY 2020 Enacted	\$	105,918,952	\$	105,918,952	\$	-
Current Service Adjustments		681,168		681,168		-
New Initiatives		-		839,504		839,504
Change to FY 2020 Enacted	\$	681,168	\$	1,520,672	\$	839,504
FY 2021 Current Service/Unconstrained Request	\$	106,600,120	\$	107,439,624	\$	839,504
Target Reduction/Initiatives		(4,380,305)		(2,330,029)		2,050,276
FY 2021 Constrained Target/Request	\$	102,219,815	\$	105,109,595	\$	2,889,780
<i>Change to FY 2020 Enacted</i>	\$	<i>(3,699,137)</i>	\$	<i>(809,357)</i>	\$	<i>2,889,780</i>

Staffing. The Department requests FY 2021 staffing of 610.6 full-time equivalent positions, 17.0 positions more than authorized. As of the October 26, 2019 pay period, the Department has 575.0 filled positions and 18.6 vacant positions. In June 2019, the Department graduated 37 new police cadets from the State Police Training Academy. The enacted budget assumed funding and authorization for 30 new troopers. The request for new positions reflects the Department hiring the additional seven cadets. It appears one vacancy from Central Management was reallocated to State Police. The request also includes 12.0 new Capitol Police charged to rotary accounts.

The request includes \$108.4 million from all sources for salaries and benefits including \$96.4 million from general revenues. This is \$3.4 million more than the enacted budget from all sources, including \$1.2 million more from general revenues. This predominantly reflects the additional seven troopers, the cost of stipends for 25 new troopers in another State Police Training Academy, and current service adjustments for troopers. *The Governor recommends staffing of 598.6 full-time equivalent positions, which is 5.0 positions more than authorized. This reflects the seven new troopers hired in June 2019, offset by the elimination of two vacant positions in Central Management.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The Department requests \$1.4 million from all sources, which is \$0.1 million more than enacted including \$84,006 from general revenues and \$27,881 more from restricted receipts to reflect FY 2019 expenditures. The request includes \$70,000 for facilities management, and \$833,505 for human resources, and \$540,397 for information technology charges. *The Governor recommends \$183,964 more from all sources than enacted, including \$156,083 more from general revenues based on Budget Office estimates.*

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

Central Management

Fiscal Clerk (1.0 FTE). Consistent with the revised request, the Department requests \$62,890 from restricted receipts for a new fiscal clerk position to assist the Division with processing financial transactions. This position was filled in September, 2018. The Department requested this position in its FY 2019 revised and FY 2020 requests funded from indirect cost recovery on federal grants. The Governor concurred with the request but the Assembly did not.

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

Other Salaries and Benefits. The Department requests \$1.5 million from all sources for 11.0 full-time equivalent positions, which is \$41,362 less than enacted. The enacted budget authorized 13.0 full-time equivalent positions and included \$250,000 of additional turnover savings. As of the October 26 pay period, the Division has 2.0 vacancies. The request reflects the actual savings achieved by these two vacancies. It appears that a vacancy was reallocated to the Division of State Police and the other vacancy is for the fiscal clerk position. *The Governor recommends \$4,999 less than requested from all sources, including \$3,172 less from general revenues, to reflect statewide medical benefit savings.*

Crime Victim Assistance. The Department requests \$7.1 million from federal Crime Victim Assistance funds for local grants which is \$4.3 million less than enacted and reflects the current federal award. 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.*

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

Crime Reporting Database. The Department requests \$0.4 million from the National Criminal Statistics Exchange grant and the Coverdell Forensic Science grant, to develop a uniform database that can be used by state and local agencies to view arrest records. This will make Rhode Island compliant with Federal Bureau of Investigation technology requirements. The current system for municipalities and the state is outdated and does not easily allow sharing arrest records among agencies and with the public. According to the Department, the request is overstated by \$0.2 million from the Coverdell Forensic Science Grant, which appears to have been inadvertently added. *The Governor recommends funding as requested.*

Other Federal Grants. The Department requests \$2.0 million from other federal grants to award to local organizations and municipalities, which is \$0.6 million less than enacted, including \$0.5 million less from competitive Victims of Crime Against Women Assistance grants. The request reflects current federal awards. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$38,501 from all sources for all other expenses, including \$912 more from general revenues, \$89 less from federal funds, and \$17,050 more from restricted receipts assessed to federal emergency management grants for additional office supplies and new computers. The

increase to general revenues reflects increased mileage costs, insurance, and restoring statewide savings. *The Governor recommends funding as requested.*

E-911

Telephone Surcharges Shift to Restricted Receipts. Telecommunication providers in the state collect a monthly surcharge on all wired, wireless, and prepaid phone lines to be used for emergency services and E-911 operations. The 2019 Assembly created a new restricted receipt account to be used exclusively by the Division of E-911 to be funded by an E-911 specific surcharge on all wired, wireless, and prepaid phone lines, which became effective on October 1, 2019. The E-911 surcharge is \$0.50 per wired and wireless lines, which is now separate from the revised first response surcharge of \$0.50 per wired and \$0.75 per wireless line. These changes make Rhode Island compliant with Federal Communications Commission regulations. The enacted budget includes \$1.5 million from general revenues and \$5.3 million from the E-911 surcharges for FY 2020 expenses.

The Department expects available restricted receipts for FY 2021 to be \$8.0 million. It appears this amount assumes wireline receipts do not decline, which they have in recent years. It should be noted that receipts on wirelines are the lowest amount received since 2008. Collections in FY 2019 were \$0.6 million less than FY 2018.

The Department's request includes \$7.8 million from fees assessed on wired, wireless, and prepaid phone lines which is \$0.8 million more than enacted for personnel and operating expenditures including two new initiatives, a technology upgrade and salary upgrades. Although the division is no longer funded from general revenues, the Department included a constrained budget that includes \$6.8 million from restricted receipts and excludes the two new initiatives. *The Governor recommends funding as requested.*

Fiberoptic System Upgrade. The Department requests \$750,000 from fees assessed to wired and wireless telecommunications to upgrade E-911 communication systems to a fiberoptic based system. This will allow E-911 to transmit digital information to municipalities including latitude, longitude, address, vehicle data, computer-aided design data, real-time maps, video feed and pictures, making E-911 compliant with Federal Communication Commission standards for Next Generation 911. This is part of six year plan, the total cost being \$3.0 million. This project was not included as part of the Department's capital budget request. The enacted budget includes \$300,000 for updated computer equipment purchases in FY 2020. The request reflects allocating these funds for the fiberoptic upgrade.

The Department's constrained request excludes this funding. There does not appear to be a federal regulatory penalty for not being compliant with standards for Next Generation. *The Governor recommends funding as requested.*

Technology Upgrades. The 2018 Assembly provided an additional \$0.7 million from general revenues for the division to perform technology upgrades. Funds were used for a statewide assessment of needs to implement Next Generation 911 and Text-to-911. It was assumed that these upgrades were part of a larger three year plan. In her FY 2019 revised and FY 2020 recommendations, the Governor included \$450,000 for FY 2020. The Department requests funding consistent with the enacted budget for the remaining upgrades such as updating pictometry data and GIS data, purchasing additional software, and conducting additional trainings. *The Governor recommends funding as requested.*

Telecommunicator Upgrades. The Department requests \$0.3 million from fees assessed to wired and wireless telecommunications to upgrade telecommunicator salaries. The FY 2020 enacted budget includes funding for telecommunicators to become certified in emergency medical dispatch techniques. According to the Department, using the emergency dispatch software and employing these techniques constitute

additional duties that are not currently within a telecommunicator's job description. The request reflects upgrading all 50.6 authorized positions. The average upgrade to a position is \$6,421.

The Department's constrained request excludes this funding. *The Governor does not fund the upgrades.*

Other Salaries and Benefits. The Department requests \$5.3 million from fees assessed to wired and wireless telecommunications for 50.6 full-time positions, which is \$0.3 million more than enacted. The request reflects current service adjustments for staff that were hired in FY 2019. The request also includes \$0.2 million more for holiday pay for the additional election holiday; this is partially offset by overtime savings which assumes the division will remain fully staffed. *The Governor recommends \$23,118 less than requested to reflect statewide medical benefit savings.*

Staff Training. The FY 2020 enacted budget included \$0.2 million for the Department to train its staff in Emergency Medical Dispatch. This was a one-time expense that included \$170,000 for software and a three day training which allows the telecommunicators to get a comprehensive view of an emergency to relay the current state of a situation to the first responders. The request excludes this funding because the training and software is not a yearly expenditure. It should be noted that any new telecommunicators will have to also be certified but at a significantly lower cost. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$1.0 million from fees assessed to wireless and wired telecommunications for all other expenses including additional software maintenance, operating expenses, and communication expenses, which is \$0.3 million less than enacted. The request includes \$1.0 million for communication expenses including telephones, yearly software contracts, and internet. The request reflects savings on one-time purchases for software and computer equipment. *The Governor recommends funding as requested.*

Sheriffs

Injured on Duty. The enacted budget includes \$1.7 million in savings to be achieved through reforms to injured on duty laws, budgeted centrally in the Department of Administration's budget. Injured on duty benefits permit employees injured while performing the duties of their job, or rendering emergency assistance when off duty, to receive their active duty pay, untaxed, while they are unable to work. These savings were calculated based on the expected status of 24 recipients as of July 1, 2019. The enacted budget assumes half of the then-current costs, \$3.3 million, would be retained. Nearly all savings were assumed to come from the Department, 82.0 percent, or \$1.2 million to the Division of Sheriffs and \$0.2 million to the Capitol Police. The Department's budget treats savings from those leaving injured on duty status and not returning to work as turnover and spends these savings elsewhere. It should be noted that the Department of Administration's first quarter report assumes these savings will be achieved.

At the time when the Budget Office calculated the potential savings, there were 21 sheriffs and 3 capitol police that were on injured on duty status. As of the October 26 pay period, the Department reports that there are now 13 sheriffs that are injured on duty and 2 capitol police. *The Governor's budget includes \$141,167 of these savings from the Sheriffs. Statewide, the budget assumes \$0.3 million in savings.*

Salaries and Benefits. The Department requests \$19.7 million from general revenue for salaries and benefits for 181.0 full-time equivalent positions, which is \$0.1 million less than enacted. The request reflects additional turnover savings from potential retirements. The enacted budget assumed turnover savings of \$47,106, equivalent to 0.4 positions. The division has 181.0 full-time equivalent authorized positions of which 164 are filled; of that, 14 positions are on injured-on-duty status as the October 26, 2019 pay period. That means they are not working but are paid from this budget and appear in the filled position count. The Department's revised request treats any retirements from injured on duty as turnover savings which are repurposed elsewhere.

As of November 2020, the Department hired 17 new sheriffs to fill the vacancies, after conducting a training academy in the fall of 2019. The Department's revised request includes two training academies occurring in FY 2020, one in the fall and one in the spring. This is to ensure that the Department has enough individuals prepared to become a sheriff, in the event of vacancies.

The Department's constrained request includes \$0.5 million to be achieved through turnover savings or layoffs. This is equivalent to approximately six positions. The Department expects further injured on duty savings within the next fiscal year, but is unable to determine how many. The Department has indicated that the turnover savings would otherwise be achieved through layoffs. This constrained option is contrary to the Department almost fully staffing the division in FY 2020 and its attempt to ensure further vacancies are filled as soon as possible.

The Governor recommends \$230,986 less from general revenues than enacted and \$136,226 less than requested. This includes \$82,226 to reflect statewide medical benefit savings and \$50,000 of overtime savings from a proposal that extends emergency police powers to out-of-state law enforcement officials to guard hospitalized detainees up to eight hours from when that person is released from a Rhode Island hospital. Out-of-state law officers are currently limited to eight hours from the time of notifying the Department of Public Safety that they are entering the state or upon a fugitive from justice warrant being executed; whichever arises first. The Sheriffs must guard a detainee past those eight hours.

Fleet Revolving Loan Fund Repayment. The enacted budget includes \$52,919 for the final payment on vehicles purchased in FY 2017. The Department requests \$126,000 from general revenues to pay for the debt on ten new vehicles the Department purchased in FY 2020 that was not included in the enacted budget. The total cost of the new vehicles is \$376,386. This will have a three-year payment plan, which should be fully paid in FY 2023. The Department's revised request reflects a final payment for a Prisoner Transport Bus and a Chevrolet Caprice in FY 2017, which cost \$158,758. *The Governor recommends funding as requested.*

Fleet Maintenance. The Department requests \$0.3 million from general revenues for state fleet expenditures, which is \$24,303 more than enacted, including fuel, maintenance and repairs, consistent with FY 2019 expenditures and the revised request. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$1.6 million from general revenues for other operating expenses including \$0.9 million to rent space in the courthouses and parking space at the Convention Center, \$0.1 million for travel costs, and \$0.3 million for replacement uniforms and supplies for sheriffs, \$0.1 million for communication expenses, and \$0.2 million for all other expenses. This is \$43,558 more than enacted and reflects more extraditions and technology charges, consistent with the revised request. *The Governor recommends funding as requested.*

Capitol Police

Salaries and Benefits. The Department requests \$4.5 million from general revenues for 38.0 full-time equivalent positions for capitol police staff not allocated to internal service funds, which is \$0.1 million more than enacted. There are also 13.0 full-time equivalent positions funded through internal service funds. The request reflects additional overtime costs that may be needed from future vacancies.

The Department reports there are three individuals that are receiving injured on duty payments but expects there to be more retirements in FY 2020. As of November 13, 2019, there is one known individual that is retiring.

The Department's constrained request includes \$0.2 million of turnover savings equivalent to 2.0 vacancies or layoffs. The Department expects further injured on duty savings within the next fiscal year, but is unable

to determine how many. The Department has indicated that the turnover savings would otherwise be achieved through layoffs. *The Governor recommends \$17,442 less from general revenues than requested to reflect statewide medical benefit savings.*

Rotary Capitol Police (12.0 FTE). The Department requests \$2.6 million from internal service funds, paid by other agencies, for the salaries and benefits of the capitol police that rotate to different agencies and locations within the state, which is \$1.0 million more than enacted, for 12.0 new positions. As of the October 26, 2019 pay period, the Department has 13.0 filled rotating capitol police positions, consistent with its authorization. The request includes 5.0 new positions at the Pastore Complex, 1.0 position for the Stedman Government Center, 1.0 position for the Department of Administration parking garage, and 5.0 new positions to screen individuals at the State House and the Powers Building. This also includes \$0.2 million for the uniform and equipment for the new recruits.

The Department's constrained request excludes this funding. Although these Capitol Police are funded from internal service funds the salaries and benefits and other operating expenses are paid by other agencies that may use general revenues to pay for these positions. The Department's request does not reflect an increase to general revenues for these positions, but the increased cost will be experienced in other agencies. *The Governor does not include funding or staffing for these positions.*

Fleet Loan Revolving Loan Fund Repayment. The Department requests \$9,681 from general revenues to pay for the debt owed on new lighting packages for Capitol Police vehicles the Department purchased in previous years, which is \$22,851 less than enacted. The request reflects the Department finishing its payment on two vehicles. The Department has six vehicles in its fleet for Capitol Police, three of which have less than 25,000 miles. The Department reports that it plans to purchase two new vehicles in FY 2021 estimated to cost \$73,000, to replace its two oldest vehicles, the payment is expected to occur in FY 2022. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$0.3 million from general revenues for all other expenses, which is \$3,979 more than enacted. Expenditures include \$0.2 million for uniforms and safety equipment, and \$0.1 million is for communication expenses, utilities, and all other expenses. In FY 2019, the Department spent \$0.2 million on these same expenditures. *The Governor recommends funding as requested.*

Municipal Police Training Academy

Salaries and Benefits. The Department requests \$0.2 million from general revenues for the salaries and benefits of 2.0 full-time positions and an attorney from the Attorney General's office to teach twice a year at the Training Academy. This is \$6,295 more than enacted. According to the Department, this increase reflects the cost of the attorney. The enacted budget includes approximately \$5,000 to help pay for this position. It appears the enacted budget understates the total cost of the attorney, which was based on the Department's FY 2020 request. *The Governor recommends \$1,564 less from general revenues than requested to reflect statewide medical benefit savings.*

Other Operations. The Department requests \$0.6 million from all sources for all other expenses, which is \$0.1 million more than enacted including \$5,912 more from general revenues. The Department signed a lease with the Community College of Rhode Island on June 19, 2019 for FY 2020. The request reflects an increase to general revenues for renting classroom space at the college and restoring the \$1,531 of statewide savings. The increase to federal funds reflects the updated grant award from the Drug Recognition Expert/Standardized Field Sobriety Tests Training Grant. It should be noted, that the Department has requested the full amount of this award but typically does not spend the full amount. *The Governor recommends funding as requested.*

State Police

58th Training Academy. The Department requests \$1.6 million from all sources to conduct a new 25 person State Police Training Academy, including \$0.9 million from general revenues and \$0.7 million from Google Forfeiture funds. This request includes \$0.6 million for stipends for the recruits while they train, \$0.3 million for training uniforms, \$0.1 million to administer exams, and \$0.7 million for troopers' uniforms and equipment. The enacted budget includes \$0.1 million to begin recruiting activities. The Department reports that this includes advertising in local print and online media, written and oral exams, and agility testing of candidates. The Training Academy would be conducted February 14, 2021 through July 30, 2021. The expense to hire the new troopers will occur in the FY 2022 budget, if this is approved.

The Department's constrained request excludes this funding. *The Governor recommends \$0.4 million less from general revenues than requested for salaries and benefits, which reflects starting the Training Academy in June 2021 rather than February.*

Town of Exeter Reimbursement. As part of its constrained request, the Department proposes charging the Town of Exeter the annual costs of one corporal or sergeant and two troopers to provide public safety needs to the town. The town does not have a municipal law enforcement agency, and the State Police have assigned a corporal and a trooper to the town. The Department estimates the cost of the personnel \$0.4 million assuming the Town of Exeter gets billed and pays its bill; otherwise staffing costs would be paid with general revenues consistent with the enacted budget.

The Department requested this same proposal in its FY 2018 budget request. The Governor and the Assembly did not concur. In prior requests the Department noted that the reimbursement must be approved by the Town Council. The proposal was brought before the Council in FY 2015 and in FY 2016; they were voted down both times. *The Governor recommends this proposal in Article 3 of 2020-H 7171, Section 9 and includes \$0.4 million of general revenue savings.*

Other Salaries and Benefits. The Department requests \$76.2 million from all sources for salaries and benefits for 302.0 full-time equivalent positions, which is \$2.1 million more than enacted and 6.0 positions more than authorized. The request reflects the current Rhode Island Troopers Association contract requirements, the cost of hiring seven additional troopers, and new federal grants. This request includes \$1.8 million more from general revenues, \$0.9 million more from federal funds, and \$0.6 million less from reimbursements for enforcement and patrol at construction sites, inadvertently excluded. Adjusting for this, the request would be \$76.7 million for salaries and benefits, which is \$2.7 million more than enacted.

As of the October 26, 2019 pay period, the Department has 299.0 filled full-time equivalent positions. The State Police Training Academy hired 37 new troopers on June 28, 2019, which is seven more than the budget assumed; offset by vacancies achieved through retirements and one vacancy reallocated from Central Management.

The Department's constrained request includes \$0.7 million for turnover savings achieved through retirements. The Department reports that this is an estimate and is unable to determine the actual savings that will be achieved. These savings are equivalent to 2.9 vacancies based on the average cost of a position, \$248,071. *The Governor recommends \$0.6 million less from all sources than requested. General revenue savings reflect \$0.5 million in additional turnover savings from pending retirements and \$0.2 million to reflect statewide medical benefit savings. The recommendation does not correct the exclusion of Department of Transportation reimbursements.*

Adult-Use Marijuana. The Governor's FY 2020 budget included legislation to authorize and regulate an age 21 and older adult use marijuana program but the 2019 Assembly did not concur. Massachusetts began adult retail sales of marijuana on November 20, 2018. Maine adopted an adult use program in September

2019. Vermont permits adult use of marijuana, but does not permit retail sales. Bills have also been previously introduced in Connecticut and New Hampshire.

The Governor's budget includes Article 13 of 2020-H 7171 to establish the authorization and regulation of an age 21 and older adult use marijuana program. The Governor's budget includes \$21.8 million in new revenues and an anticipated start date of March 2021. The regulation of all programs would be centralized within the Office of Cannabis Regulation within the Department of Business Regulation with the assistance and cooperation of a variety of health and public safety agencies. Her recommendation includes \$4.9 million from a new State Control Adult Use Marijuana restricted receipt account for these agencies. Of that, \$500,000 from restricted receipts is for the Division of State Police for training troopers on drug recognition techniques.

HOPE Initiative. The Department requests \$0.5 million from federal funds to continue the Heroin Opioid Prevention Effort (HOPE) Initiative, which is \$0.2 million more than enacted. In 2018, the Department launched a new initiative aimed at preventing opioid addiction and overdose. Planned expenditures include renting office space at the Lincoln Business Center for \$23,280 for substance abuse prevention professionals and other staff to administer the program, \$79,000 to rent vehicles, \$0.1 million for a technology project tracking and identifying overdoses, and \$0.1 million for additional grants to be given to municipalities for local police involvement. Other expenditures include \$50,000 for trainings and \$30,000 for advertising to those individuals who may need these services. *The Governor recommends funding as requested.*

Legal Services. Consistent with the revised request, the Department requests \$76,000 from general revenues for legal services. The request reflects the cost of additional expert witnesses, arbitrators, and other specialists that are still needed. The Department has indicated that these legal services are not consistent and the costs differ from year to year. The request appears to be overstated based on historical expenditures for these services. The Department spent \$6,252 for legal services in FY 2019, \$56,822 in FY 2018, and \$14,842 in FY 2017. As of January 2, 2020, the Department has spent \$15,950. *The Governor recommends funding as requested.*

Fleet Maintenance. The Department requests \$2.0 million from all sources for state fleet expenditures, which is essentially consistent with the enacted budget. The Department's expenditures are funded from general revenues and reimbursements from the Department of Transportation for road reconstruction details and for enforcement and inspection of oversized vehicles on the roads. Reimbursements from the Department of Transportation have declined significantly in the last two fiscal years; these expenditures need to be monitored closely to avoid overspending general revenues in the future. *The Governor recommends funding as requested.*

Fleet Revolving Loan Repayment Fund. Consistent with the enacted budget, the Department requests \$0.3 million from general revenues to make payments on vehicles financed through the State Fleet Revolving Fund. The request funds the debt service for vehicles purchased during FY 2019. No purchases have been made through this fund in FY 2020. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$2.2 million from Rhode Island Capital Plan funds for capital projects, which is \$1.2 million less than the enacted. The request reflects two projects finishing in FY 2020, the State Police Facilities Master Plan and the Headquarters Roof Project. The request also includes \$1.0 million to conduct renovation and repair projects on its Administrative Support Building, which the Department included as a separate asset protection project, and \$0.3 million more for the State Police Training Academy Upgrades. The request also includes \$0.4 million for yearly asset protection projects. *The Governor recommends \$1.2 million less than requested which excludes funding for the Administrative Support building and \$0.2 million less for the Training Academy Upgrades. A detailed description of these projects is included in the Capital Budget section of this publication.*

SORNA Database and Operations. The Department requests \$0.2 million from federal Sex Offender Registration and Notification Act grant funds to finish creating a sex offender tracking database, which is \$0.1 million more than enacted. This is part of a coordinated effort among state agencies such as the Rhode Island Attorney General's Office, the State Police, and local experts. There was a delay in spending these funds in FY 2018 and FY 2019 because the coordination among state agencies prevented the Department from issuing a request for proposals in a timely manner. The Department reports that a vendor has been selected and this program will launch in July or August of FY 2021. The request reflects purchasing software and trainings. *The Governor recommends funding as requested.*

Utilities, Insurance, and Internet. The Department requests \$1.0 million from all sources for utilities, insurance and internet at the State Police Headquarters and the barracks, which is \$0.1 million more from general revenues than enacted. This predominantly reflects the increased costs of internet, fuel, water, and insurance based on FY 2019 expenditures for which the Department spent \$1.1 million. The enacted budget was based on FY 2018 utilities expenditures which were lower.

The Department's constrained request includes \$50,000 of utility savings from selling the Portsmouth Barracks. Selling the barracks was also included in the Department's FY 2020 constrained budget request. The Governor and the Assembly did not include this initiative. The Portsmouth Barracks has not been occupied by the State Police since 2012. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$6.0 million from all sources for all other expenses which is \$0.1 million less than the enacted budget. This reflects \$0.2 million more from general revenues to restore statewide savings, offset by \$0.2 million less from federal funds, and restricted receipts to reflect actual awards. Expenditures include \$1.1 million for communication expenses that include telephones, cellphones, and software, \$1.1 million for maintenance to the buildings and grounds, \$2.8 million for supplies including office and cleaning supplies, and uniforms and safety equipment for officers, \$0.6 million for travel, \$0.1 million for renting space at the courthouse and parking lots, \$0.4 million for trainings and educational services. *The Governor recommends funding as requested.*

Departmentwide Target Items

User Fee for RILETS Network. As part of its constrained request, the Department proposes charging a \$75 user fee per year from the municipalities and other subscribers that use the Rhode Island Law Enforcement Telecommunications. The Department estimates that this fee would generate \$0.3 million per year. The Department reports that it has 3,765 users of the system a year, including 70 law enforcement agencies. The Department included this as part of its FY 2018 budget request. The Governor and the Assembly did not concur. *The Governor does recommend this proposal.*

Court Fee on Criminal Cases. As part of its constrained request, the Department proposes charging a \$10 court fee on criminal cases in superior and district courts. This proposal is offered to offset the costs of the expenses incurred by the Division of Sheriffs for transporting and feeding defendants. The Sheriffs are responsible for security in all the state's courtrooms, securing cellblocks in all state courthouses, protecting judges, and supervising the transportation of individuals in state custody charged with crimes. The Department estimates that this initiative would generate \$0.4 million based on FY 2019 criminal cases brought before the court. The Department proposed this initiative in its FY 2018 budget request and the Governor and the Assembly did not concur. *The Governor does not recommend this proposal.*

Office of the Public Defender

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 11,565,442	\$ 11,390,640	\$ 12,306,346	\$ 12,035,318
Contracted Services	207,260	218,378	226,378	226,378
Subtotal	\$ 11,772,702	\$ 11,609,018	\$ 12,532,724	\$ 12,261,696
Other State Operations	1,031,834	1,089,483	1,122,360	1,095,697
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	45,000	145,000	145,000	45,000
Capital	51,000	31,000	64,825	59,695
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 12,900,536	\$ 12,874,501	\$ 13,864,909	\$ 13,462,088
Sources of Funds				
General Revenue	\$ 12,824,871	\$ 12,798,836	\$ 13,789,244	\$ 13,386,423
Federal Aid	75,665	75,665	75,665	75,665
Restricted Receipts	-	-	-	-
Other	-	-	-	-
Total	\$ 12,900,536	\$ 12,874,501	\$ 13,864,909	\$ 13,462,088
FTE Authorization	96.0	96.0	101.0	99.0

Summary. The Office of the Public Defender requests FY 2021 expenditures of \$13.9 million, which is \$1.0 million more than the enacted budget. The request includes \$1.0 million more from general revenues and the enacted level from federal funds. The Office requests 101.0 full-time equivalent positions, five more than enacted. *The Governor recommends \$13.5 million and three new positions; this is \$0.4 million less, and two fewer positions than requested.*

Target Issues. The Budget Office provided the Office with a general revenue target of \$12.3 million. The amount includes current service adjustments of \$0.1 million, adjusted for certain exclusions, and a 5.0 percent target reduction of \$0.6 million.

	Budget Office	Office of the Public Defender	Difference
FY 2021 Budget			
FY 2020 Enacted	\$ 12,824,871	\$ 12,824,871	\$ -
Current Service Adjustments	113,694	113,694	-
New Initiatives	-	850,679	850,679
Change to FY 2020 Enacted	\$ 113,694	\$ 964,373	\$ 850,679
FY 2021 Current Service/Unconstrained Request	\$ 12,938,565	\$ 13,789,244	\$ 850,679
Target Reduction/Initiatives	(613,693)	(1,461,496)	(847,803)
FY 2021 Constrained Target/Request	\$ 12,324,872	\$ 12,327,748	\$ 2,876
<i>Change to FY 2020 Enacted</i>	<i>\$(499,999)</i>	<i>\$(497,123)</i>	<i>\$ 2,876</i>

The constrained budget submitted by the Office is \$2,876 above the target. The proposals to achieve the reductions are noted among the items described below where appropriate. *The Governor's recommendation is \$1.1 million more than the target.*

New Assistant Public Defenders. (5.0 FTE) The Office requests \$0.6 million from general revenues for five new assistant public defender positions in FY 2021 as part of an ongoing effort to relieve the caseload burden at the agency. The requested amount includes \$550,203 for salaries and benefits; \$12,825 for new laptops, work stations, Microsoft Office licensing fees, and anti-virus software; and \$1,600 for law books and subscriptions. The request assumes these full-time attorneys will be hired at the beginning of FY 2021.

The Public Defender notes its caseload for each attorney, which was cited in a November 2017 report from the *Rhode Island Project* which was “to establish public defender workload standards for the State of Rhode Island.” As noted in that report, one way to address the caseload burden of the Public Defender is an increase in staffing levels to move closer to a workload standard.

The constrained request excludes the new positions. *The Governor includes \$0.3 million from general revenues to fully fund three new attorneys.*

Other Salaries and Benefits. The Office requests \$11.8 million from general revenues for salaries and benefits, which is \$0.2 million more than enacted. The request reflects an increase of \$0.1 million for current service adjustments for its 96.0 authorized positions. The request also keeps one position vacant. As of the pay period ending November 12, 2019, the Office has 94.0 filled positions, or 2.0 vacancies.

The Office's constrained request proposes eliminating 9.0 full-time equivalent positions for savings of \$0.9 million. The Office indicates that its current caseload would prevent the ability to absorb additional cases for FY 2021, if this proposal is approved. As a result, cases referred by the Judiciary would not be accepted.

The Governor recommends \$59,600 less from general revenues, which includes \$50,948 less for statewide medical benefit savings and keeping another 0.5 position vacant. It should be noted that the revised budget assumes all positions will be filled by the end of FY 2020. As of February 1, the Office has 5.0 vacancies.

Caseload Backlog. The Office requests \$100,000 from general revenues to address a potential increase to its caseload. The Office of the Attorney General is in the process of clearing a backlog of approximately 2,000 cases discovered and reported in April 2019. As of late November, the Office has been referred approximately 750 cases to be handled by staff attorneys. It appears the request was intended to supplement the costs assumed to be incurred by the Judiciary through its Indigent Defense Fund, as these costs were not typically incurred by the Public Defender's Office. The Office also includes \$100,000 in its revised request. *The Governor does not recommend the requested funding for FY 2021 but did include it in her revised budget.*

Consolidation of Parking Leases - Unachieved Savings. The enacted budget assumed savings of \$9,054 for the fourth quarter of FY 2020 from the consolidation of parking leases in Providence based on an Efficiency Commission proposal. The annualized savings for FY 2021 is \$23,400. The Office restores the savings, based on a reduction to the employee parking contract, since it has not received any information as to whether or not there has been a change to the lease. *The Governor recommends savings of \$23,400 from staff being able to park at the soon to be completed Garrahy Courthouse garage at no cost to the agency. It is not clear that this is what the arrangement will be.*

Edward Byrne Memorial Grant. The Office requests the enacted amount of \$29,000 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 contracted

social worker to assist with the assessment and evaluation of adult clients and placement into social service community programs. *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 \$2,623 less than requested based on Budget Office estimates.*

Other Operations. The Office requests \$0.8 million, nearly all from general revenues for other operating expenses. The request is \$99,990 more than enacted from general revenues and includes the enacted level of federal funds. The request includes \$15,606 more for court charges, \$21,900 from general revenues to restore statewide operating savings, and \$17,000 more for transcription services.

Similar to the Office's FY 2020 revised request, some of the changes reflect FY 2019 spending and a trending increase in other services such as \$2,500 more for interpreters and translators, \$7,000 more for court transcripts, and \$3,000 more for expert witnesses, primarily medical experts. The request also includes \$5,000 more for the cost of legal compilations and subscription services that have increased in recent years, \$5,000 more for telephone expenses and \$3,000 less for clerical services. *The Governor recommends funding as requested.*

Department of Environmental Management

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Office of the Director	\$ 10,981,666	\$ 11,013,118	\$ 10,787,944	\$ 11,170,811
Bureau of Natural Resources	59,511,592	60,749,399	61,463,932	58,865,135
Bureau of Environmental Protection	31,625,640	31,768,170	32,446,952	32,361,648
Total	\$ 102,118,898	\$ 103,530,687	\$ 104,698,828	\$ 102,397,594
Expenditures by Category				
Salaries and Benefits	\$ 53,138,857	\$ 52,201,249	\$ 55,755,544	\$ 54,470,530
Contracted Services	7,107,895	7,581,240	7,283,310	7,523,308
Subtotal	\$ 60,246,752	\$ 59,782,489	\$ 63,038,854	\$ 61,993,838
Other State Operations	16,358,516	16,617,323	17,126,388	17,348,170
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	6,534,623	7,147,505	6,922,374	6,872,374
Capital	18,929,007	19,933,370	17,561,212	16,133,212
Capital Debt Service	-	-	-	-
Operating Transfers	50,000	50,000	50,000	50,000
Total	\$ 102,118,898	\$ 103,530,687	\$ 104,698,828	\$ 102,397,594
Sources of Funds				
General Revenue	\$ 43,623,975	\$ 43,542,012	\$ 47,210,890	\$ 46,259,572
Federal Aid	32,309,520	32,166,793	32,155,645	32,114,651
Restricted Receipts	16,060,848	17,189,655	16,536,863	16,628,124
Other	10,124,555	10,632,227	8,795,430	7,395,247
Total	\$ 102,118,898	\$ 103,530,687	\$ 104,698,828	\$ 102,397,594
FTE Authorization	394.0	394.0	434.0	405.0

Summary. The Department of Environmental Management requests \$104.7 million from all sources, which is \$2.6 million more than enacted and includes \$3.6 million more from general revenues, \$0.2 million less from federal funds, \$0.5 million more from restricted receipts and \$1.3 million less from other funds, primarily Rhode Island Capital Plan funds. The Department requests 434.0 full-time equivalent positions, which is 40.0 more than authorized.

The Department also submitted a constrained request that totals \$100.3 million and includes \$4.2 million less from general revenues than the unconstrained request and 15.0 fewer positions.

The Governor recommends \$102.4 million from all sources including \$46.3 million from general revenues, which is \$0.3 more than enacted, including \$2.6 million more from general revenues. The recommendation is \$2.3 million less from all sources than requested, including \$1.0 million less from general revenues.

Target Issues. The Budget Office provided the Department with a general revenue target of \$42.1 million. The amount includes current service adjustments of \$0.4 million and a 5.0 percent target reduction adjusted for certain exclusions, of \$1.9 million. The constrained budget is \$0.9 million more than the target. The

proposals to achieve the reductions are noted among the items described where appropriate. *The Governor's recommendation is \$4.2 million more than the target.*

FY 2021 Budget	Budget Office		DEM	Difference		
FY 2020 Enacted	\$	43,623,975	\$	43,623,975	\$	-
Current Service Adjustments		396,060		712,465		316,405
New Initiatives		-		2,874,450		2,874,450
Change to FY 2020 Enacted	\$	396,060	\$	3,586,915	\$	3,190,855
FY 2021 Current Service/ Unconstrained Request	\$	44,020,035	\$	47,210,890	\$	3,190,855
Target Reduction/Initiatives		(1,940,880)		(4,231,736)		(2,290,856)
FY 2020 Constrained Target/Request	\$	42,079,155	\$	42,979,154	\$	899,999
<i>Change to FY 2020 Enacted</i>	\$	<i>(1,544,820)</i>	\$	<i>(644,821)</i>	\$	<i>899,999</i>

Staffing (40.0 FTE). The Department requests \$55.8 million from all sources for the salaries and benefits for 434.0 full-time equivalent positions, 40.0 positions more than the authorized amount. As of the November 23 pay period, the Department has 390.0 filled positions, or 4.0 less than authorized. The request adds \$2.6 million for new positions including 16.0 new parks and recreation positions, 7.0 new environmental engineers, and 2.0 new enforcement positions.

The request also includes authorization but no funding for 15.0 new positions. The 2019 Assembly eliminated 5.0 vacancies; the Department requests the restoration of those 5.0 plus an additional 10.0. This includes 1.0 position in the Office of the Director, 8.0 in the Bureau of Environmental Protection, and 6.0 in the Bureau of Natural Resources.

The Department recommended upgrading a number of administrative and scientific positions through a classified public hearing in August 2019. Positions are in the Bureaus of Environmental Protection and Natural Resources. The Department indicates these upgrades were intended to update job specifications to be more in line with actual duties and requirements as well as update compensation to be equitable with similar positions at other state agencies. The total estimated cost of the upgrades inclusive of benefits is \$110,281; that is reflected in the request.

The Governor recommends \$1.3 million less from all sources than requested, including \$1.1 million less from general revenues. The recommendation includes 11.0 new full-time equivalent positions, including 5.0 environmental engineers to assist with permitting and 6.0 parks positions. The Governor also proposes in Article 19 of 2020-H 7171 to raise the minimum wage from \$10.50 to \$11.50 and includes \$0.2 million more from general revenues than requested for the seasonal employees.

Statewide Savings. The Department requests \$0.2 million from general revenues to restore statewide savings assumed in the enacted budget for certain commodities, contracts and insurance. These savings were applied to all agencies proportionally based on total spending and not based on feasibility. The Department was not able to achieve most of these savings in FY 2019, except from the Bureau of Environmental Protection. It should be noted that most of the Department's statewide savings were taken from the Division of Parks and Recreation, which has a history of overspending its operating budget. The request distributes these savings where they actually occur and restores \$238,124 of the \$253,513 included in the enacted budget consistent with the revised request. *The Governor recommends funding as requested.*

Centralized Services. Consistent with the enacted budget and the revised request, the Department requests \$2.3 million from all sources for centralized services, including \$45,000 for facilities management, \$1.6 million for information technology services, and \$0.6 million for human resources. The request is \$0.1 million less than spent in FY 2019 because of one time Microsoft purchases. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these

services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs, which pay for the staff and expenses. *The Governor recommends \$506,762 more from all sources than requested, including \$512,202 more from general revenues, based on Budget Office estimates.*

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.

Salaries and Benefits (1.0 FTE). The Department requests \$5.6 million from all sources for salaries and benefits for 36.0 positions for its Office of the Director, which is \$0.2 million more than enacted including \$0.1 million from general revenues. The request also allocates a new unfunded position to the Office. The increase reflects current service adjustments and salary increases for five positions that occurred in FY 2020 that resulted from desk audits that reflect the employees' increased scope of duties from prior paygrades. This request also includes allocating all legal staffing costs to the Office; in previous years, the cost of some legal services were allocated to other bureaus within the Department. The request includes \$0.1 million more from indirect cost recovery on federal grants because the Department increased its negotiated rate on most of its federal grants. *The Governor's recommendation is \$20,395 less from all sources than requested, including \$8,309 less from general revenues, to reflect statewide medical benefit savings. The Governor does not add the requested position.*

Bays, Rivers, and Watersheds Fund. Consistent with the revised request, the Department requests \$0.2 million from Bays, Rivers, and Watershed restricted receipts for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change, which is \$0.1 million less than enacted. The fund is derived from fees collected for the disposal of septage from a \$1 per hundred gallons charge on septage disposal in the state. Subsequent to the budget submission, the Department reports the request should be total \$392,480, which is \$0.1 million more than enacted for hydrologic data collection as part of a joint project with the U.S Department of Interior and the University of Rhode Island. Total FY 2019 expenditures were \$342,202. *The Governor recommends total expenditures of \$392,480 consistent with the Department's subsequent request.*

Regional Greenhouse Gas Initiative. The Department requests \$0.4 million from Regional Greenhouse Gas Initiative restricted receipts, which is \$0.1 million less than the enacted budget. Pursuant to Rhode Island General Law, Section 23-82-6, the receipts from the Regional Greenhouse Gas auctions shall be used for the benefit of energy consumers through investment in the most cost-effective available projects that can reduce long-term consumer energy demands and costs. Any funds not spent remain in the account to be used as needed in subsequent years. The request reflects the expected amount of awards for FY 2021. *The Governor recommends funding as requested.*

One Stop Reporting. Consistent with the revised request, the Department requests \$1,496 from federal One Stop Reporting grant funds which is \$0.2 million less than enacted. These funds are awarded to foster better environmental management and decision making through increased access to environmental information. The Department is updating its database management system; however, the development of the project is delayed because the Department is still determining what type of software it wants to use. The Department was awarded these funds in FY 2018. Grants are awarded with a period of performance of three years. Based on when these funds were awarded, it appears the grant period will end in FY 2021. *The Governor recommends funding as requested.*

Foundry Lease. The Department requests \$2.4 million from general revenues for its lease costs for the Foundry building, which is \$0.1 million less than enacted. The Department of Administration's Division

of Statewide Planning moved into the Foundry building in September 2019. This reduction represents the amount of rent paid by the division through the Department of Administration's budget. *The Governor recommends funding as requested.*

Other Operations. Consistent with the revised request, the Department requests \$0.7 million for all other expenses including \$0.2 million for utilities, \$0.3 million for office supplies, communication costs, travel and training costs, and \$0.1 million to award as grants. The request is \$0.1 million more than enacted and reflects an additional \$40,297 for utilities and restoring \$92,117 of statewide savings. *The Governor recommends \$5,006 more than requested to account for additional costs associated with making bank deposits more secure.*

Bureau of Environmental Protection

The Bureau of Environmental Protection is responsible for preventing and minimizing pollution, and monitoring the quality and overseeing the restoration of water, air, and land. The Bureau includes six regulatory offices:

- The Offices of Water Resources, Air Resources, and Waste Management evaluate applications, issue permits that meet State and federal requirements, and oversee permit compliance.
- The Office of Compliance and Inspection investigates citizen complaints that are within the Bureau's responsibility and is the centralized administrative office for enforcement.
- The Office of Customer and Technical Assistance coordinates the review of projects requiring multiple applications and permits and is the centralized administrative office for the receipt of applications.
- The Office of Emergency Response responds to spills of oil and chemicals.

Environmental Engineer I (7.0 FTE). The Department requests \$0.8 million from general revenues for seven new environmental engineers for the Offices of Water Resources, Air Resources, Waste Management, and Technical and Customer Assistance. This reflects a full year of salaries and benefits at a cost of \$108,384 per position. As of the November 23, 2019 pay period, the Bureau has 36 filled engineering positions. These positions are responsible for evaluating permit applications and ensuring projects are compliant with federal and state environmental laws and regulations. The Department believes these positions will further streamline permitting processes and help respond to permit applications. The Department reports that permit volume has increased by one third since 2015.

The Department's constrained request excludes this funding. *The Governor recommends \$0.5 million from general revenues for 5.0 new environmental engineers to assist with permitting review. The Governor also proposes in Article 7 of 2020-H 7171 to generate \$0.6 million in new general revenues from increasing permitting fees through the regulatory process for complicated permitting cases.*

Unfunded Staffing (8.0 FTE). The Department requests authorization for 8.0 additional positions for the Bureau of Environmental Protection but no associated funding. The Department reports that the enacted budget overfunded the salaries and benefits of the 175.0 authorized positions, which was based on the FY 2020 budget request. The 2019 Assembly reduced the Bureau's authorized amount by 5.0 full-time equivalent positions, which was based on vacancies occurring in FY 2019. The Department notes that reductions to environmental positions have hindered its ability to fulfill its statutory obligations, and adding these positions would help the Department achieve its performance goals. It should be noted, that the Department's revised request includes reallocating 5.0 vacancies from the Bureau of Environmental Protection to the Bureau of Natural Resources. *The Governor does not recommend this staffing increase.*

Other Salaries and Benefits. The Department requests \$21.9 million from all sources for the salaries and benefits of the Bureau's remaining 169.0 full-time equivalent positions, which is \$0.1 million less than

enacted. The request reflects current service adjustments and additional federal grants offset by reductions to restricted receipts. The reduction to restricted receipts reflects the Department spending Environmental Response funds on other expenditures.

The Department's constrained request excludes \$0.9 million from general revenues for 7.0 full-time equivalent positions. *The Governor recommends \$79,992 less than requested from all sources, including \$45,854 less from general revenues, to reflect statewide medical benefit savings.*

Federal Grants. The Department requests \$5.0 million from its remaining federal awards or \$49,139 more than enacted to reflect current federal awards. Expenditures includes \$1.6 million for design and engineering services, \$1.5 million to award as grants, \$1.5 million for operating and program expenditures. Federal grants support prevention and abatement programs for water and air pollution, managing superfund sites as determined by the Comprehensive Resource Conservation and Liability Act, and waste management. *The Governor recommends funding as requested.*

Rose Hill Landfill. The Department requests \$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, which is \$20,010 more than enacted. 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 2019 expenditures were \$0.2 million. *The Governor recommends funding as requested.*

Oil Spill Prevention, Administration and Response Fund. The Department requests \$1.2 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. This is \$0.1 million less than enacted and is an attempt to align the budget with anticipated expenses. 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 \$1.0 million in FY 2017, \$1.0 million in FY 2018, and \$0.7 million in FY 2019. It should be noted that the FY 2021 request is higher than spent in FY 2016, the highest spending in recent history. The Department noted that it over budgeted for oil spill expenditures because the occurrence and costs are hard to predict.

The Governor recommends funding as requested. The Governor also proposes to double the fee to ten cents per barrel. Three cents of the increase will go to a new Ocean State Climate Adaptation and Resilience Fund for climate adaptation and resiliency projects. This increase is expected to generate \$1.9 million in new restricted receipts, of which \$1.1 million would go to the new adaptation project. However, that expense does not appear to be budgeted annually. The remaining two cents will stay with the Oil Spill Prevention, Administration and Response Fund for existing projects and habitat restoration. The Governor also proposes to transfer \$1.0 million from the fund to state general revenues by June 30, 2020.

Volkswagen Settlement. The Department requests \$0.2 million from Volkswagen Settlement funds that were initially awarded to the Office of the Attorney General. In 2018, Volkswagen agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emission tests to hide the excess pollution. As part of the settlement, states were eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other "environmentally beneficial projects"; the state received a total of \$18.5 million. The total award to the Department for its mitigation plan was \$14,368,858 to be used during a ten-year period, and to be included in different years' budgets. The remaining \$4.1 million in settlement funds were awarded to the Office and will be spent on "environmentally beneficial projects" as directed by the Attorney General.

The Department may use up to 15.0 percent of the funds for program administration including personnel costs, construction of associated facilities for the electric vehicles, and training. The Department was also awarded \$0.4 million from the Office for five projects, including two hazardous waste projects, a fish project, a solar project, and a technology project. The Department's revised request reflects spending the total amount awarded from the Office of the Attorney General in FY 2020. According to the Department, this request reflects an additional carbon study that was not included in the initial award from the Office. *The Governor recommends funding as requested.*

Other Operations. The Department requests \$2.9 million from all sources for all other expenses, which is \$2,794 less than enacted. This includes \$2.7 million from restricted receipts, including \$1.5 million from Underground Storage Tank Reimbursement funds to distribute as grants, \$0.6 million from Environmental Response funds and \$0.6 million from the State Revolving Fund for engineering and design services and program expenses. The remaining expenditures include rent, supplies, and state fleet maintenance costing \$0.2 million from general revenues, consistent with FY 2019 expenditures. *The Governor recommends funding as requested.*

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.

Enhanced Mosquito Abatement Program. The Department requests \$0.2 million from all sources for an enhanced mosquito abatement program, which is \$154,478 more than enacted. The enacted budget includes \$48,000 from general revenues for larvacide to give to communities. The Department reports that climate change is increasing the prevalence of mosquito-borne diseases in the state including Eastern Equine Encephalitis and the West Nile Virus because of the warmer temperatures and higher precipitation. This request includes \$55,978 from general revenues for four new seasonal employees to set traps, collect and identify mosquitos, and deliver samples to the Department of Health, \$54,000 for additional larvacide to give to communities to place in storm drains, and \$28,000 for a small pickup truck.

The Department's request also includes \$16,500 from new restricted receipts collected from fines and penalties relating to animal care, mosquito abatement, grants, and donations.

The Department's constrained request excludes this funding. *The Governor recommends \$41,984 more than enacted from general revenues to fund three seasonal positions. This is \$112,494 less than requested and does not establish any new restricted receipt accounts.*

Enforcement Staffing (4.0 FTE). The Department requests authorization for 4.0 new environmental police officers and \$89,123 from general revenues for two of the officers to start in January 2021. The enacted budget includes funding for the other two officers. These positions would be responsible for monitoring state parks and recreational facilities to curb illegal activities and support public safety. The Department expects these positions to go through the police academy in January 2021 and start patrolling in the 2021 parks season. The enacted budget authorizes 30.0 enforcement positions and as of the November 23, 2019 pay period, there are 23.0 filled positions.

The Department's constrained request excludes \$0.1 million from general revenues for the salaries and benefits of the two new positions. *The Governor does not recommend funding or staffing.*

Division of Parks and Recreation

The Division of Parks and Recreation is responsible for the operation and maintenance of the state's campgrounds, parks and beaches. The division consists of a property control and supply section, a construction crew, a planning section and a fiscal and administration section, which coordinates all the activities of the division. Seasonal employees are used for jobs such as lifeguards and parking attendants. The division is also responsible for road maintenance in and around the state parks and beaches. The Department's seasonal recreation program employs a number of minimum wage employees from March through October each year. The division is separated into five regions. Each region includes a regional park manager, who supervises the various park managers and laborers who work at each park. The five park regions are described below:

Region I: Lincoln Woods, World War II Memorial, and Blackstone Bikeway

Region II: Colt State Park, Fort Adams, Brenton Point, Haines State Park and East Bay Bike Path

Region III: Goddard Memorial, Fort Wetherill, Beavertail State Park and John Chafee Nature Preserve

Region IV: Fisherman's Memorial, Scarborough, Roger Wheeler, Salty Brine and East Matunuck state beaches

Region V: Burlingame State Park and Campground, Charlestown Breachway, East Beach and Misquamicut state beaches

In January 2019, CHM and PROS Consulting published an assessment of the division, including staffing and standards for facility maintenance, increasing maintenance and operation staffing of locations under the Department's purview, including Parks and Recreation. The 2019 Assembly authorized 4.0 new parks positions and provided \$12.2 million for its staffing, programs, and operations for FY 2020.

Parks and Recreation Staffing (18.0 FTE). The Department requests \$5.8 million from general revenues for salaries and benefits for its Division of Parks and Recreation staff, which is \$0.8 million more than enacted and includes authorization for 18.0 new positions, 2.0 of which are funded in the enacted budget. The request includes \$0.7 million for 16.0 new parks positions including 8.0 new maintenance positions, an arborist, 4.0 clerks to support regional managers, 1.0 office manager, 1.0 new business office staff, and 1.0 engineer to work on capital projects. The request reflects partial year funding for these positions. This request also includes \$0.1 million from all sources for additional overtime costs, which reflects FY 2019 expenditures. This request includes \$20,000 from restricted receipts collected from special events, donations, and reimbursements for state parks and any other revenue collected from the newly formed business office to be used for overtime.

The Department's constrained request excludes \$1.0 million of funding which reflects \$0.7 million for the 16.0 new positions and \$0.2 million for 5.0 currently filled parks positions, and \$0.1 million for the additional overtime. *The Governor recommends \$0.5 million less from general revenues than requested. The recommendation includes 6.0 new parks positions including three maintenance technicians, a plumber, a clerk and a civil engineer. This reflects three positions starting in October 2020 and three starting in January 2021.*

Parks and Recreation Seasonal Staff. The Department requests \$4.1 million from general revenues for the Department's seasonal staff, which is \$0.3 million more than enacted, including \$4.0 million for salaries and benefits, and \$32,000 for other expenditures. The increase reflects expected FY 2020 spending for seasonal staff and increasing the hourly wage for seasonal employees, estimated to cost \$194,451. The Department already upgraded lifeguard hourly wages, more than minimum wage, to match those of municipal beaches, because the Department was having difficulty recruiting and retaining lifeguards. The average hourly wage increase is \$2.69 for these positions.

The Department's constrained request excludes \$0.2 million from general revenues that reflects the requested increased hourly wage for seasonal employees. *The Governor recommends \$0.1 million less than requested. The Governor also proposes in Article 19 of 2020-H 7171 to raise the minimum wage from \$10.50 to \$11.50 effective October 1, 2020 and includes \$148,598 more than enacted from general revenues for the seasonal employees.*

Parks and Recreation Operations. The Department requests \$4.1 million from general revenues for all other Parks and Recreation expenses, which is \$0.5 million more than enacted for enhanced maintenance and upkeep from current levels of investment as part of the parks initiative.

The 2019 Assembly increased campground and miscellaneous fees and the enacted budget assumed FY 2021 collections of \$1.2 million. The Department's request estimates the revenues will be \$0.7 million from campgrounds and \$0.2 million from concessions, or \$0.3 million less than assumed. These fees are deposited as general revenues.

The Department's constrained request excludes this increase. *The Governor recommends \$0.1 million less from general revenues than requested which appears to reflect an unspecified reduction to operating costs to offset increases occurring elsewhere in the Department's budget. This is \$0.3 million more than spent in FY 2019.*

Other Salaries and Benefits (2.0 FTE). The Department requests \$17.6 million from all sources for the salaries and benefits for the Bureau's 192.0 remaining full-time equivalent positions. This is \$0.5 million more than enacted, including \$0.4 million more from general revenues. According to the Department, this is restoring \$0.2 million of turnover savings that will be achieved in FY 2020 based on vacancies but will not be achieved in FY 2021 because it expects to be fully staffed. This request also reflects current service adjustments equal to \$0.2 million.

The request also includes \$0.1 million from a new restricted receipt account for fines, penalties, and reimbursements collected in relation to the Department's participation in prosecuting fish and wildlife violations, to be used for law enforcement details. The Department requests that this account be exempt from indirect cost recovery.

The Department's constrained budget request excludes \$0.4 million from general revenues for 4.0 positions, including 3.0 environmental police officers and 1.0 position from the Division of Planning and Development. The constrained request also excludes \$0.1 million from the new restricted receipts. *The Governor recommends \$170,874 less from all sources than requested, including \$57,643 less from general revenues, to reflect statewide medical benefit savings.*

Local Agriculture and Seafood Grants. The Department requests \$250,000 from general revenues for the Local Agriculture and Seafood Act grant program, which is \$150,000 more than enacted. This program provides grants to local agriculture and food businesses to support the growth, development and marketing of local food and seafood in the state. Established in 2012, the Local Agriculture and Seafood Act (LASA) Grants Program has been funded from general revenues and private contributions from the van Beuren Charitable Foundation, the Henry P. Kendall Foundation, and the Rhode Island Foundation. The Department reports that these partnerships brought in \$0.1 million of matching funds to the Department's general revenue contribution of \$0.1 million and provided for 89 grants in five years totaling \$1.0 million. However, matching grants have declined significantly and reduced the number of grant awards.

The Department's constrained request excludes this funding. *The Governor recommends \$250,000.*

Law Enforcement Operations. The Department requests \$0.2 million from all sources for its law enforcement expenses, mostly for state fleet maintenance, which is \$0.1 million more than enacted and

reflects FY 2019 expenditures. It appears that the FY 2020 budget, based on the Department's request, for fleet maintenance was understated. The request is also consistent with FY 2018 expenditures.

The request also includes \$5,000 from a new restricted receipt account for fines, penalties, and reimbursements collected in relation to the Department's participation in prosecuting fish and wildlife violations, to be used for law enforcement details. As previously noted, the Department's requests that this account be exempt from indirect cost recovery.

The Department's constrained request excludes the new funding from restricted receipts. *The Governor recommends \$83,171 less than from all sources, including \$78,171 less from general revenues, which reflects an unspecified reduction to operating costs to offset increases occurring elsewhere in the Department's budget.*

Commercial Fishing Licenses. The Department's request includes a revenue enhancement by changing its commercial fishing license structure, which is estimated to generate \$0.2 million to \$0.3 million in additional restricted receipt revenue. The Department reports that the current regulatory and fee structure in Rhode Island is outdated, overly complicated, and the fees collected on commercial fishing licenses are declining. In 2019, the Department issued 2,165 commercial fishing licenses, including 372 for "Over 65" shellfish licenses, and 37 student shellfish licenses. In FY 2019, the Department collected \$0.5 million in saltwater fishing licenses. The request would consolidate 24 different fishing license fees to seven fees. The fees would range from \$150 to \$450 for an in-state license and \$350 to \$1,750 for out-of-state residents. With this change, these funds will be used to support the Bureau's electronic seafood dealer program which will no longer be supported by federal grants by FY 2022. Additionally, the Department reports funding may be used for further enforcement and support staff.

The Governor's budget includes this proposal in Article 7 of 2020-H 7171 and estimates \$81,025 in new restricted receipt revenue from these changes. The Governor also proposes fee increases to fishing and hunting licenses and estimates new restricted receipt revenue of \$62,482. It should be noted that these increases in revenue and any associated expenditures are excluded from the Department's budget.

Host Beach Communities. The Department requests \$0.5 million from general revenues for the anticipated payments to host beach communities, which is \$0.1 million more than enacted and is based on actual summer 2019 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. Receipts collected in 2019 totaled \$1.9 million whereas in 2018, receipts were \$1.4 million.

The Department's constrained request excludes this additional funding. This appears to be an unfeasible solution to constrain a budget because the Department is obligated by Rhode Island General Law, Section 42-17.1-9.1 to pay the percentage of total collections. *The Governor recommends \$50,000 less than requested to reflect a lower estimate of fees to be collected in summer 2020.*

Other Federal Grants. The Department requests \$16.2 million from its remaining federal grants, which is \$0.1 million more than enacted and reflects current federal awards. Expenditures include \$4.1 million for professional services, mostly designers and engineers, \$3.6 million for operating costs for programmatic expenses including \$1.1 million for indirect cost recovery on grants, \$1.9 million to distribute as grants and \$6.5 million in large purchases including ongoing construction, heavy equipment, land, and motor vehicles. Funding comes from a variety of federal grants to support programs aimed at outdoor recreation, fish and wildlife, wildlife and habitat restoration, marine fishing and monitoring, and animal health and behavior. It should be noted, the Department has typically requested all of its available funding only to significantly

underspend at the end of the year. In FY 2019, the Department spent \$8.3 million from all of its federal grants which is \$7.3 million less than budgeted. *The Governor recommends funding as requested.*

Capital Projects. The Department requests \$7.9 million from Rhode Island Capital Plan funds for eight capital projects, which is \$1.3 million less than enacted and reflects the Department no longer needing funding for the marine infrastructure and pier development project. The Department is planning these projects differently and will be funded with Recreational Facilities Improvement project funding or with Galilee project funding. Funding will be used for improvements to the state-owned piers in Galilee and Newport, and improvements to the state's recreational facilities. This request is not consistent with the capital budget request and includes \$1.0 million for the Blackstone Bike Path project, which was supposed to end in FY 2020, and \$0.2 million more for recreational facility asset protection. *The Governor recommends \$1.4 million less than requested to reflect one project finishing and lower estimated expenditures for three projects. A detailed analysis of these projects is included in the Capital Budget section of this publication.*

Other Operations. The Department requests \$4.3 million from all sources, including \$0.9 million from general revenues, \$2.7 million from restricted receipts, and \$0.8 million from Department of Transportation reimbursements for all other expenses. This includes \$2.2 million to purchase and maintain vehicles and heavy machinery, \$0.3 million for utilities, \$1.1 million for operating costs including building maintenance, and \$0.8 million for recreational projects with the Department of Transportation, including maintenance of state trails. The request includes a general revenue increase of \$46,854 which mostly reflects restoring statewide savings.

The request is \$0.4 million more than enacted from Environmental Trust restricted receipts to purchase additional motor vehicles. 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 concession sales, easements on cables which run through Scarborough, and donations. In FY 2018, the Department spent \$0.3 million for repairs to bathrooms at Burlingame State Park; in FY 2019, \$0.1 million was spent on vehicles. The Department did not include motor vehicles as part of its capital budget submission.

The Governor recommends \$57,827 less from general revenues than requested to reflect an unspecified reduction to operating costs to offset increases occurring elsewhere in the Department's budget. This is offset by \$5,005 more from general revenues to account for additional costs associated with making secure bank deposits.

Coastal Resources Management Council

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Category				
Salaries and Benefits	\$ 3,998,060	\$ 3,892,790	\$ 4,413,328	\$ 3,773,730
Contracted Services	209,660	505,770	216,770	216,770
Subtotal	\$ 4,207,720	\$ 4,398,560	\$ 4,630,098	\$ 3,990,500
Other State Operations	188,230	354,579	211,514	211,733
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	318,980	861,268	321,000	321,000
Capital	506,000	768,115	11,013,000	518,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
Total	\$ 5,220,930	\$ 6,382,522	\$ 16,175,612	\$ 5,041,233
Sources of Funds				
General Revenue	\$ 2,883,195	\$ 2,870,443	\$ 3,375,380	\$ 2,740,539
Federal Aid	1,557,735	2,556,655	1,580,232	1,575,694
Restricted Receipts	250,000	250,000	250,000	250,000
Other	530,000	705,424	10,970,000	475,000
Total	\$ 5,220,930	\$ 6,382,522	\$ 16,175,612	\$ 5,041,233
FTE Authorization	30.0	30.0	34.0	30.0

Summary. The Coastal Resources Management Council requests \$16.2 million from all sources, which is \$11.0 million more than the enacted budget, including \$0.5 million more from general revenues, \$22,497 more from federal funds, and \$10.4 million more from Rhode Island Capital Plan funds. The Council requests 34.0 full-time equivalent positions, which is 4.0 more than the enacted budget. The Council also submitted a constrained request that excludes the new positions. *The Governor recommends \$5.0 million, which includes \$2.7 million from general revenues, \$1.6 million from federal funds, \$0.3 million from restricted receipts, and \$0.5 million from Rhode Island Capital Plan funds. The recommendation includes the enacted authorization of 30.0 positions.*

Target Issues. The Budget Office provided the Council with a general revenue target of \$2.8 million. The amount includes current service adjustments of \$33,538 and a 5.0 percent target reduction of \$0.1 million, adjusted for certain exclusions. The Council's constrained budget is \$0.2 million above the target. *The Governor's recommendation is \$30,357 below than the target.*

	Budget Office	CRMC	Difference
FY 2021 Budget			
FY 2020 Enacted	\$ 2,883,195	\$ 2,883,195	\$ -
Current Service Adjustments	33,538	11,548	(21,990)
New Initiatives	-	480,637	480,637
Change to FY 2020 Enacted	\$ 33,538	\$ 492,185	\$ 458,647
FY 2021 Current Service/Unconstrained Request	\$ 2,916,733	\$ 3,375,380	\$ 458,647
Target Reduction/Initiatives	(145,837)	(445,637)	(299,800)
FY 2021 Constrained Target/Request	\$ 2,770,896	\$ 2,929,743	\$ 158,847
<i>Change to FY 2020 Enacted</i>	<i>\$ (112,299)</i>	<i>\$ 46,548</i>	<i>\$ 158,847</i>

Supervising Environmental Scientist (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 2021. 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 this position unsuccessfully in the last five budget cycles. The Council's constrained request excludes the position. *The Governor does not recommend the new 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 2021. 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 established in 2015 for any work in or near freshwater wetlands. 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 new position.*

Coastal Policy Analyst (1.0 FTE). The Council requests \$0.1 million from general revenues for 1.0 new coastal policy analyst full-time equivalent position for FY 2021. The coastal policy analyst would be involved with the work on the Council's special area management plans. The Council notes that the position 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 position would be filled for the entire fiscal year. The Council has requested additional analysts for a number of years but these were not authorized. The Council's constrained request excludes the position. *The Governor does not recommend the new position.*

Civil Engineer (1.0 FTE). The Council requests \$0.1 million from general revenues for 1.0 new civil engineer full-time equivalent position for FY 2021. 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 this position in the last budget cycle. The Council's constrained request excludes the position. *The Governor does not recommend the new position.*

Other Salaries and Benefits. The Council requests \$4.0 million, or \$30,369 less than enacted from all sources, for salaries and benefits to fund its 30.0 other full-time equivalent authorized positions. By source, this is \$9,012 more than enacted from general revenues and \$39,381 less from federal funds. For FY 2019, final spending from general revenues was \$20,316 less than appropriated and these savings are adjusted for in the Council's FY 2020 revised and FY 2021 requests. The request includes current service adjustments for cost-of-living adjustments and benefit revisions. The Council's 30.0 full-time equivalent positions have been filled since the beginning of the fiscal year and the requested amount fully funds all of them.

The Governor recommends \$0.2 million less than requested, all but \$4,538 is from general revenues. This reflects updated medical benefit rates and turnover savings equivalent to about one position. There are expected retirements during FY 2020 and this assumes any vacancies would be maintained to achieve this savings.

Legal Services. The Council requests \$126,000 or \$20,000 more than enacted from general revenues for legal services. The enacted budget includes \$106,000 and the Council spent \$5,941 less than that appropriation during FY 2019. The Council notes that it may incur additional legal expenses as a result of wind energy projects; however, the need does not appear imminent. *The Governor recommends funding as requested.*

ePermitting. The Council includes a new request of \$15,000 from general revenues in both its revised FY 2020 and FY 2021 requests to make certain permits available online. The funding would allow for the

development and hosting of non-scientific permits with ViewPoint Government Solutions, specifically minor maintenance and construction permits as well as possibly beach vehicle parking permits. The Council notes that none of its permits are currently online, and that no contract has been signed to begin this initiative as of November 5, 2019. *The Governor recommends funding as requested.*

Coastal Resilience. The Council includes \$50,025 from federal funds to reflect a new grant to determine potential coastal resiliency projects. The funding comes from the National Oceanic and Atmospheric Administration's coastal resilience grant program, which supports projects designed to help coastal communities prepare for extreme weather and climate-related hazards like sea level rise. The Council will work in partnership with Save The Bay, University of Rhode Island, Roger Williams University and the state's 21 coastal municipalities to identify, inventory, design and permit projects that improve shoreline resilience using nature-based methods and biodegradable materials. This will result in a pipeline of "shovel ready" projects. *The Governor recommends funding as requested.*

Other Federal Grants. The Council requests \$0.1 million from federal funds for three other grants. This is \$15,006 less than enacted. Projects include the aquatic invasive species grant, the restoration of salt marshes at Quonochontaug Pond, and the monitoring of a living shoreline to serve as a demonstration site for nature-based erosion control techniques. The decrease mostly reflects the end of the Quonochontaug project. *The Governor recommends funding as requested.*

Capital Projects. The Council requests \$11.2 million or \$10.4 million more than enacted from Rhode Island Capital Plan funds for capital projects. This is not consistent with the Council's capital request. Of the requested increase, the Council unintentionally includes \$10.5 million from Certificates of Participation for work related to the construction of a confined aquatic disposal cell. Adjusting for that, the request is \$60,000 less than enacted. The request intends to remove funding for the Green Hill Pond dredging study; however, it removes more than is actually in the enacted budget. The requested funding for the other two projects, the Rhode Island Coastal Storm Risk Study and the Narragansett Bay Special Area Management Plan match the totals of the approved plan. *The Governor recommends \$10.5 million less than requested to correct the issues included in the request. A detailed description of these projects is included in the Capital Budget section of this publication.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. For the Council's share of centralized services, the request includes the enacted amount of \$19,366 for information technology services, including \$17,366 from general revenues and \$2,000 from federal funds. This is \$243 more than was charged in FY 2019 from general revenues. *The Governor recommends \$219 more than requested and enacted based on Budget Office estimates.*

Other Operations. The Council requests \$0.2 million or \$29,395 more than enacted from all sources for other expenses. This includes \$2,536 more from general revenues for stenography services to reflect actual spending during FY 2019, as in the FY 2020 revised request. The increase to federal funds is from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The Council uses these funds mainly to support its daily operations. The request provides \$14,669 less than FY 2019 spending. *The Governor recommends funding as requested.*

Department of Transportation

	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Expenditures by Program				
Central Management	\$ 13,599,172	\$ 18,568,671	\$ 18,560,024	\$ 17,745,813
Management and Budget	2,353,268	4,993,377	3,368,864	4,851,298
Infrastructure Program	632,821,076	623,466,317	662,315,849	637,415,255
Total	\$ 648,773,516	\$ 647,028,365	\$ 684,244,737	\$ 660,012,366
Expenditures by Category				
Salaries and Benefits	\$ 91,602,413	\$ 91,961,279	\$ 98,594,365	\$ 93,279,837
Contracted Services	42,245,663	51,916,363	50,186,363	51,433,363
Subtotal	\$ 133,848,076	\$ 143,877,642	\$ 148,780,728	\$ 144,713,200
Other State Operations	50,131,710	54,623,745	49,266,409	56,914,448
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	18,997,976	13,646,873	16,493,297	16,493,297
Capital	302,503,385	256,420,678	280,302,688	248,328,088
Capital Debt Service	315,050	315,050	315,050	315,050
Operating Transfers	142,977,319	178,144,377	189,086,565	193,248,283
Total	\$ 648,773,516	\$ 647,028,365	\$ 684,244,737	\$ 660,012,366
Sources of Funds				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	325,075,495	337,759,470	341,361,952	340,744,098
Restricted Receipts	3,007,550	2,656,328	1,886,523	2,656,328
Other	320,690,471	306,612,567	340,996,262	316,611,940
Total	\$ 648,773,516	\$ 647,028,365	\$ 684,244,737	\$ 660,012,366
FTE Authorization	755.0	755.0	835.0	800.0

Summary. The Department of Transportation requests FY 2021 expenditures of \$684.2 million from all sources of funds, including \$341.4 million from federal funds. The request is \$35.5 million more than enacted, including increases of \$16.3 million from federal funds and \$20.3 million from other funds and \$1.1 million less from restricted receipts. The request assumes staffing of 835.0 full-time equivalent positions, 80.0 more than enacted and 35.0 more than the revised request. As of the first pay period in December, 27 of the 755.0 authorized positions were vacant.

The Governor recommends \$660.0 million from all sources, including \$340.7 million or 51.6 percent from federal funds. This is \$11.2 million more than enacted and \$24.2 million less than requested, of which \$22.6 million less is from Rhode Island Capital Plan funds for new projects. The recommendation includes authorization for 800.0 full-time equivalent positions, 45.0 more than enacted and 35.0 less than requested. The recommendation assumes on average all new recommended positions are filled only half the year. As of February 1, the Department has 20.0 vacancies.

The Governor also proposes legislation in Article 1 of 2020-H 7171, to include future commitments for transportation related projects funded with resources in the Intermodal Surface Transportation Fund, beginning with FY 2022 through FY 2025. These sources include federal funds, gasoline tax proceeds, and

highway maintenance funds. It authorizes payments for projects listed in the section upon receipt of authenticated vouchers and allows the Office of Management and Budget to increase funding in one year if an activity or project requires an advancement, with funding decreasing in the subsequent fiscal year. She also proposes legislation to allow unspent transportation funds, including gasoline tax proceeds, highway maintenance funds and federal funds, to be reappropriated for the same purpose previously authorized, provided that resources are available. This is subject to final approval of the General Assembly similar to Rhode Island Capital Plan funds.

Target. 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 current service budget of \$254.1 million, including current service adjustments of \$0.6 million.

FY 2021 Budget	Budget Office	Department of Transportation	Difference
FY 2020 Enacted	\$ 253,464,385	\$ 253,464,385	\$ -
Current Service Adjustments	639,396	639,396	-
New Initiatives	-	(23,148,865)	(23,148,865)
Change to FY 2020 Enacted	\$ 639,396	\$ (22,509,469)	\$ (23,148,865)
FY 2021 Current Service/Unconstrained Request	\$ 254,103,781	\$ 230,954,916	\$ (23,148,865)
Target Reduction/Initiatives	-	-	-
FY 2021 Constrained Target/Request	\$ 254,103,781	\$ 230,954,916	\$ (23,148,865)
<i>Change to FY 2020 Enacted</i>	\$ 639,396	\$ (22,509,469)	\$ (23,148,865)

The request is \$22.5 million less than enacted or \$23.1 million below the target, including \$14.3 million less from gasoline tax proceeds for maintenance projects. It should be noted that the revised request shifted these expenses to available federal funds. The Department notes that those are for contracts such as fencing, guardrail and striping, and federal expenditures for them are not assumed in the request, since the federal funds must be obligated in the fiscal year when the contract is advertised. *The recommendation is \$1.4 million below the target, reflective of a downward revision to the gasoline tax yield and other adjustments.*

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 2021 gas tax is 35.0 cents, with 34.5 cents of that going towards transportation. The Department currently receives 20.25 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 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	18.25	\$ 80,232,712
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
2019	\$ 4,637,224	19.25	\$ 89,266,562

*1 cent transferred from General Fund to DOT

**3.5 cents transferred from DOT to Turnpike and Bridge Authority

Although declining gasoline tax revenue was 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 has been 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. Those 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 2013 and submitted its findings in January 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 included 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 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 Rhode Island 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 following table shows remaining debt service for the Department. It should be noted that general obligation debt service is included in the Department of Administration’s budget.

Fiscal Year	Outstanding G.O. Debt	2003 & 2016	2019	Outstanding	Total Debt Service
		GARVEE Issuance	GARVEE Unissued	Motor Fuel Revenue Bonds	
2020	34,379,335	57,536,500	-	5,360,750	97,276,585
2021	36,353,580	57,540,250	17,988,220	5,361,250	117,243,300
2022	37,843,127	57,540,000	17,988,220	5,362,250	118,733,597
2023	37,362,406	57,536,500	17,988,220	5,363,250	118,250,376
2024	32,303,693	57,535,250	17,988,220	5,358,750	113,185,913
2025	29,017,204	42,501,250	17,988,220	4,883,500	94,390,174
2026	28,601,734	42,501,000	17,988,220	4,885,500	93,976,454
2027	22,351,701	42,500,250	17,988,220	1,606,500	84,446,671
2028	16,422,960	42,500,250	17,988,220	-	76,911,430
2029	16,422,960	42,502,000	17,988,220	-	76,913,180
2030	16,420,885	42,501,250	17,988,220	-	76,910,355
2031	6,884,490	42,498,750	17,988,220	-	67,371,460
2032	6,882,809	-	17,988,220	-	24,871,029
2033	3,074,555	-	17,988,220	-	21,062,775
2034	1,590,947	-	17,988,220	-	19,579,167
2035	551,450	-	17,988,220	-	18,539,670

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 Authority with an additional \$5.0 million in each FY 2018

and FY 2019. The 2018 Assembly concurred with the Governor’s proposal to alter the transfer again from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

The Governor proposed legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation’s current share of the Highway Maintenance Account for FY 2020. The legislation also proposed that the Department reimburse the Division of Motor Vehicles for the costs of certain employees involved in the collection of fees going into the account. The 2019 Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. It also adopted legislation to permanently provide the Authority with an additional \$5.0 million annually.

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 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 authorized truck tolls and also allowed the Department to borrow \$300.0 million through the GARVEE Program and refinance prior 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.

Source	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Federal Highway Admin. Funds	\$ 205,490,269	\$ 213,566,473	\$ 206,570,000	\$ 204,556,319
Other Federal Funds	119,585,226	124,192,997	134,791,952	136,187,779
Gasoline Tax*	129,287,870	126,764,257	112,655,305	112,456,187
Toll Revenue	25,000,000	8,532,000	45,000,000	46,946,000
Land Sale Revenue	1,095,391	4,713,810	1,780,000	1,780,000
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	39,080,695	40,338,542	61,211,346	36,301,346
Restricted Receipts	3,007,550	2,656,328	1,886,523	2,656,328
Motor Vehicle Fee Transfer	124,176,515	124,213,958	118,299,611	117,078,407
Public Utilities Access Permit Fee	500,000	500,000	500,000	500,000
Other Funds	50,000	50,000	50,000	50,000
Total	\$ 648,773,516	\$ 647,028,365	\$ 684,244,737	\$ 660,012,366

**Excludes gas tax debt service for DOT, RIPTA & costs for centralized services & consolidated initiatives in DOA*

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 previous table illustrates the fund sources for FY 2020 and FY 2021.

Federal Funds - Highway Administration. On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually from the Federal Highway Administration. This is approximately \$21 million more through federal fiscal year 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital and operating budgets. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and established priorities for planning, design, and project implementation.

Annually, the Department will propose changes to the plan, to make sure that projects are "appropriately coordinated, that communities and constituents can have annual input." The previously approved plan was adopted on December 14, 2017. A total of ten amendments were added to it; these changes were minor in nature and were classified as administrative. On January 25, 2019, the Department requested major revisions to the adopted plan, classified as Amendment #11. The amendment would "significantly redistribute funding to projects to cover increased construction costs, funding reductions, and align the program with Bridge and Pavement asset management priorities." Subsequently, the Department was awarded a new \$70 million federal grant and on February 21, it submitted a request rescinding proposed changes included in the amendment. As such, two public hearings that were scheduled for the end of February to accept public comments on the proposed amendment were cancelled.

On July 23, 2019, the Department proposed amendments to the Transportation Improvement Program. Solicitations for input were due on August 22 and two public hearings were held on August 13 and August 15. Among the proposed changes is the use of the \$70 million federal grant that the Department received. Of this amount, \$54.5 million is for the Henderson Bridge and the remaining \$15.5 million represents an annual increase to the Department's current federal allocation. The amendment removed funding of \$120.0 million from Rhode Island Capital Plan funds for paving projects that the Department had programmed but was never recommended by the Governor nor approved by the Assembly. It added \$200.0 million of the GARVEE bonds that the 2019 Assembly approved for the Interstate 95 Viaduct. It also reflects funding for the Pell Bridge ramps of \$20.0 million and \$2.8 million for preliminary engineering and environmental assessment for an Amtrak stop at T.F. Green Airport. Amtrak has three stops in the state: Providence, Kingston, and Westerly. These adjustments are included in the Department's capital budget request. All proposed changes were approved and adopted by the State Planning Council on August 29, 2019.

The following table illustrates the proportion of funding allotted to each program area in the FY 2021 budget. It excludes salary and benefit costs.

Program Area	FY 2021 Recommended	Share of Total
Administrative Program	\$ 6,055,055	3.3%
Bike/Pedestrian Program	5,538,976	3.0%
Bridge Program	25,493,054	13.8%
CMAQ Program	5,519,120	3.0%
Highway Program	15,590,022	8.5%
Interstate Program	10,131,092	5.5%
GARVEE Projects	27,797,398	15.1%
Federal Highway Earmark Projects	18,430,451	10.0%
Pavement Management Program	17,309,449	9.4%
Traffic Safety Program	19,575,284	10.6%
Transit	27,645,677	15.0%
Other Programs	5,218,932	2.8%
Total	\$ 184,304,512	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. The request includes \$134.8 million from these funds, which is \$15.2 million more than enacted, including the annualized debt payment of \$16.0 million from the \$200.0 million GARVEE bonds that the 2019 Assembly approved for the Interstate 95 Viaduct, it also includes increases to reflect federal discretionary grants that the Department received. *The Governor recommends \$1.4 million more than requested, primarily to restore expenditures that were inadvertently omitted from the request.*

Toll Revenue. The Department refers to its ten-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges.

The Assembly adopted the RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation authorizes tolling on large commercial vehicles. Pursuant to the legislation, the total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts is not to exceed \$20. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40. Tolls will be collected along six major highway corridors at 14 locations. The Department contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years. The total cost of the contract is \$68.9 million, including \$41.8 million for construction of the gantries and associated hardware and software, and \$27.1 million over 10 years for operation and maintenance.

The FY 2020 enacted budget assumes receipts of \$29.3 million from 12 gantries, with four in operations for 12 months, one for ten months, two for nine months, one each for eight, six, four, three and one months and assumes \$25.0 million. Though the revised request is consistent with the enacted budget, the Department reports that as of early December, it had four gantries collecting tolls. It anticipates the fifth gantry to begin collections in mid-December and the sixth would follow a month later. All remaining gantries, with the exception of the Viaduct location will be collecting tolls by June 2020 and the FY 2021 request assumes \$45.0 million in toll revenue.

It appears that the request inadvertently omitted the operation and maintenance costs of the gantries. Pursuant to the contract term, the contractor will receive payments once all gantries are in operations which the request assumes. The Department indicates that this was in error.

It should be noted that tolls receipts for FY 2019 were \$8.1 million; \$2.5 million was collected in the first five months. Through the first five months of FY 2020, receipts were \$2.2 million, or \$0.3 million less from last fiscal year. *The Governor's budget assumes toll revenue of \$44.4 million, \$0.6 million less than requested; however, the recommendation assumes use of \$46.9 million in FY 2021, \$1.9 million more than requested, reflective of prior years' receipts. The recommendation includes \$4.0 million for operating expenses, including \$2.5 million for operation and maintenance costs of the gantries.*

Land Sale Revenue. Sales of department-owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used to upgrade the Department's materials testing facility in Providence. At the end of FY 2019, the Department had \$11.1 million in available receipts. The request includes \$2.5 million from this source and assumes use of \$1.8 million. *The Governor concurs.*

Interstate 195 Land Sales. Consistent with the enacted budget, the Department assumes use of \$1.5 million in FY 2021 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department allowed it to complete the relocation project, while the Corporation can sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period, with a balloon payment of \$32.0 million due in FY 2023; however, the FY 2020 budget assumes reamortization of the balloon payment for an additional ten years. *The Governor concurs.*

Rhode Island Capital Plan Funds. These funds are appropriated 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 \$61.2 million from this source, \$22.1 million more than enacted, of which \$20.0 million is for new paving projects. *The Governor recommends \$36.3 million from Rhode Island Capital Plan funds, \$24.9 million less than requested, of which \$22.6 million less is for new projects.*

Restricted Receipts. This source includes funds the Department receives when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects. This source contributes \$1.9 million to the Department, \$1.1 million less than enacted, reflective of available resources.

The recommended budget assumes expenditures of \$2.5 million from this source, consistent with the revised recommendation. The Governor also includes expenditures of \$0.1 million from track usage fees in the Department of Transportation's budget for the Rhode Island Public Rail Corporation, a quasi-public state agency that was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. Currently, the fees are classified as an escrow liability, which the Auditor General found should be classified as restricted receipts.

Motor Vehicle Fee Transfer. The request includes \$118.3 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This is \$5.9 million less than enacted. Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees,

including a \$10 surcharge on biennial vehicle registrations, a \$5 surcharge on annual vehicle registrations and a \$10 surcharge on operator licenses, purchased on a five-year basis. The following table summarizes the incremental fee increases.

Fiscal Year	Biennial Registration Fee	Annual Registration Fee	License Fee
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5 increments to a total of \$15, and the license surcharge increased in \$10 increments to a total of \$30 beginning in FY 2014 and ending in FY 2016.

These fees are transferred to the Department for use as a portion of the state match for federal funds. The table below shows actual estimated revenue derived from the surcharges through FY 2019 and projected for FY 2020 and FY 2021.

Fiscal Year	Biennial Registrations	Annual Registrations	Licenses	Total
2014	\$ 3,817,669	\$ 791,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,611,636	\$ 1,989,693	\$ 3,098,765	\$ 12,700,094
2016	\$ 10,557,994	\$ 3,905,012	\$ 6,978,578	\$ 21,441,584
2017	\$ 10,653,395	\$ 3,940,297	\$ 4,773,270	\$ 19,366,962
2018	\$ 10,380,521	\$ 3,839,371	\$ 4,957,571	\$ 19,177,463
2019	\$ 10,632,930	\$ 3,932,728	\$ 5,131,315	\$ 19,696,973
2020	\$ 10,863,948	\$ 4,018,173	\$ 5,242,802	\$ 20,124,923
2021	\$ 11,230,927	\$ 4,153,904	\$ 5,419,901	\$ 20,804,732

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 amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the share of 5.0 percent that the Authority receives under current law. The 2018 Assembly concurred with the Governor's proposal to further alter the transfer from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account.

The Governor proposed legislation in Article 8 of 2019-H 5151 to provide the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation's current share of the Highway Maintenance Account for FY 2020. The legislation also proposed that the Department reimburse the Division of Motor Vehicles for costs of certain employees involved in the collection of fees going into the account. The Assembly concurred with the recommendation to use a portion of highway maintenance funds to offset the cost of collections by retaining 5.0 percent of total resources rather than allowing for administrative discretion. The Assembly also adopted legislation to permanently provide the Authority with an additional \$5.0 million annually. The following table shows the source and the total including surcharges explained previously.

Source	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Inspection Sticker Increase	\$ 11,024,919	\$ 13,080,224	\$ 13,005,524	\$ 13,080,224
Title Fees	10,205,420	10,820,845	9,966,439	10,730,414
Rental Car Surcharge	3,102,987	3,693,763	3,389,049	3,733,442
Good Driving Surcharge	467,496	532,194	498,035	532,194
License and Registration Transfer Surcharges	51,545,182	54,310,517	53,000,901	56,145,097
	19,355,928	20,124,923	19,944,284	20,804,732
Total	\$ 97,007,238	\$ 102,562,466	\$ 99,804,232	\$ 105,026,103
5.0 Percent for Collection Cost	(4,850,000)	(5,128,123)	(4,990,212)	(5,251,305)
Total	\$ 92,157,238	\$ 97,434,343	\$ 94,814,020	\$ 99,774,798

Does not include carry-forward funds

Highway maintenance funds received for FY 2019 totaled \$101.0 million, \$4.0 million more than the amount assumed in the final budget. The Department did not adjust its FY 2020 revised request to assume additional resources based on FY 2019 collections; it appears that the receipts might be understated. The FY 2021 request does assume additional resources.

	FY 2019	FY 2020 Rev. Req.	FY 2020 Gov. Rev.	FY 2021 Request	FY 2021 Gov. Rec.
Prior year Receipts	\$ 73,681,720	\$ 76,600,604	\$ 76,600,604	\$ 44,716,004	\$ 49,820,988
New Receipts	100,996,018	97,007,238	102,562,465	99,804,232	105,026,101
5.0 Percent for Collection Cost	-	(4,850,362)	(5,128,123)	(4,990,212)	(5,251,305)
Available	\$ 174,677,738	\$ 168,757,480	\$ 174,034,946	\$ 139,530,025	\$ 149,595,784
RI Public Transit Authority	\$ 10,072,115	\$ 9,699,235	\$ 9,871,717	\$ 9,740,701	\$ 9,988,740
Department of Transportation	88,005,019	114,342,241	114,342,241	108,558,910	107,089,667
Total	\$ 98,077,134	\$ 124,041,476	\$ 124,213,958	\$ 118,299,611	\$ 117,078,407
Balance	\$ 76,600,604	\$ 44,716,004	\$ 49,820,988	\$ 21,230,414	\$ 32,517,377

The Governor's budget reflects the updated estimate, reflective of FY 2019 actual collections. Based on recommended expenditures for FY 2020 and FY 2021, the Department will have a \$32.5 million balance available in the Highway Maintenance Account.

Public Utilities Access Permit Fee. The request includes the enacted amount of \$500,000 in receipts charged to utility companies for accessing the Department's rights-of-way. This would be implemented through rules and regulations and was included in the enacted budget based on the Governor's recommendation. It should be noted that no receipts were received for FY 2019 due to a delay in

implementation. The Department indicates that its legal staff is working to separate the Federal Highway Administration’s required utility access permit and the Maintenance Division’s utility access permit regulations so that a proper policy can be put in place. It anticipates a January 2020 implementation date. *The Governor concurs. Subsequently, the Department indicates that utility companies are now fixing rights-of-way to Department standards; a fee will not be implemented at this time. This will require an adjustment to expenditures.*

Other Funds. These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department’s maintenance facilities. The request assumes the enacted amount of \$226,000 from these sources; \$50,000 is budgeted for FY 2021. *The Governor concurs.*

Gasoline Tax Proceeds. The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation; it increased by one cent to 34 cents and again to 35 cents for FY 2020. The distribution of the gasoline tax is illustrated in the following table.

Entity	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
Department of Transportation	20.25	20.25	20.25	20.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
Total (in cents)	35.0	35.0	35.0	35.0

The following table shows how the New England states rank.

<i>As of 10/01/2019</i>	<i>Gas</i>	<i>Diesel</i>
Rhode Island¹	35.0	35.0
Connecticut	39.3	46.5
Maine	30.0	31.2
Massachusetts ²	26.5	26.5
New Hampshire	23.8	23.8
Vermont	30.9	32.0
New England Average	30.9	32.5
U.S. Average	36.3	38.0

Source: American Petroleum Institute includes state surcharges

¹ *Increased 1 cpg on 7/1/19*

² *Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index*

Department of Transportation Gasoline Tax. Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program.

The following table shows available gasoline tax proceeds and other non-federal funds included in the FY 2020 and the FY 2021 budgets.

Non Federal Sources	FY 2020 Enacted	FY 2020 Revised	FY 2021 Request	FY 2021 Recommended
<i>Gas Tax Yield per Cent</i>	4.670	4.606	4.661	4.627
<i>RIDOT Cents</i>	20.25	20.25	20.25	20.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
Transportation Revenues				
Balance Forward	\$ 61,201,476	\$ 99,036,541	\$ 56,694,426	\$ 72,907,194
Gas Tax	156,362,801	154,303,714	156,156,967	155,018,001
Motor Vehicles Fees, Surcharges & Transfer	92,157,238	97,434,343	94,814,020	99,774,796
Toll Revenue	25,000,000	18,533,000	45,000,000	44,375,000
Surplus Property & Outdoor Advertising	226,000	226,000	2,260,000	226,000
Restricted Receipts	2,760,399	2,870,399	2,760,399	2,870,399
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Land Sales	2,500,000	2,500,000	2,500,000	2,500,000
Public Utilities Access Permit Fee	500,000	500,000	500,000	500,000
Rhode Island Capital Plan Funds	39,080,695	40,338,542	61,211,346	36,301,346
Total Revenues	\$ 381,288,609	\$ 417,242,539	\$ 423,397,158	\$ 415,972,736
Transportation Expenses				
Winter Maintenance	\$ 21,203,626	\$ 21,285,564	\$ 19,874,017	\$ 21,285,176
Vehicles & Maintenance	14,060,946	14,725,349	10,000,000	9,901,856
General Maintenance	44,052,228	48,432,736	42,816,273	41,445,174
Pay-go/Capital & Other	149,286,582	124,013,406	148,606,572	149,649,020
GARVEE Bond Debt Service	9,339,474	9,212,162	9,339,474	9,254,806
G.O. Debt Service*	34,748,484	33,559,907	34,748,484	38,310,090
State Match - Gas Tax	2,562,348	4,021,926	4,226,560	4,226,560
Internal Service Funds Transparency*	1,496,297	1,506,543	1,674,110	1,522,957
Restricted Receipts	3,007,550	2,656,328	1,886,523	2,656,328
Interstate 195 Land Sales	1,500,000	1,500,000	1,500,000	1,500,000
Land Sales	1,095,391	4,713,810	1,780,000	1,780,000
Surplus Property & Outdoor Advertising	50,000	50,000	50,000	50,000
Equipment Replacement	1,500,000	1,500,000	3,000,000	1,500,000
Facilities	5,129,349	6,387,196	28,260,000	4,850,000
RIPTA - Gas Tax	45,458,585	44,777,417	45,458,585	44,984,697
RIPTA - Highway Maintenance Account	9,607,862	9,871,717	9,740,701	9,988,740
Turnpike and Bridge Authority	16,344,080	16,121,284	16,344,080	16,195,911
Total Expenditures	\$ 360,442,802	\$ 344,335,345	\$ 379,305,379	\$ 359,101,315
Surplus/Deficit	\$ 20,845,807	\$ 72,907,194	\$ 44,091,779	\$ 56,871,421

*Shown in the Department of Administration's budget

The request assumes a per penny yield of \$4.661 million, which is \$8,335 less than enacted. Subsequent to the submission of the request, the Office of Revenue Analysis estimates the per penny gasoline tax yield to be \$4.627 million, or \$33,999 less than the request. *The Governor's recommended budget reflects the updated \$4.627 million gas tax yield.*

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Consistent with the revised request, the request includes \$0.5 million more than enacted for the Department's share of centralized services. This includes \$500 less for facilities management and \$7,000 more for information technology services. Expenditures for human resources support are \$511,627 more than enacted, which the Department indicates is based on centralization charges and funding to fill a new human resources

position to help expedite hiring for the Department. The Department of Administration indicates that the revised estimate it provided the Department for human resources was \$0.1 million more than enacted. The request of \$5.9 million is \$1.2 million more than FY 2019 expenditures.

Consistent with the revised budget, the Governor recommends \$1.4 million more from all sources than requested, based on Budget Office estimates. This includes \$0.7 million more for each facilities management and information technology. Expenditures through the second quarter totaled \$2.8 million, leaving \$4.5 million for the last two quarters of the fiscal year.

Civil and Engineering Technicians (32.0 FTE). The request includes \$2.9 million from all sources of funds, including \$2.5 million from federal funds and \$0.5 million from gasoline tax proceeds to fund 32.0 new civil and engineering technicians. The revised request includes \$0.7 million from all sources, assuming 14.0 of these positions would be filled in January 2020. The Department indicates that the positions would assist with inspection of all materials going to bridge or road construction or maintenance projects and to inspect the workmanship and practices of contractors against plans specifications. The enacted budget assumes 120 engineering technician positions. *The Governor recommends \$0.8 million for 15.0 full-time equivalent civil and engineering technician positions.*

Highway Maintenance (27.0 FTE). The request includes overtime savings of \$2.0 million from gasoline tax proceeds and proposes using \$1.9 million of that amount to fund 27.0 new maintenance positions, including highway maintenance operators and bridge maintenance workers. The revised request includes \$0.6 million to begin filling 17.0 of these positions in January 2020. 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. 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 enacted budget appears to include 142.0 highway maintenance related positions. *The Governor includes \$1.3 million from overtime savings and adds \$0.6 million for 16.0 new full-time equivalent positions.*

Managing Engineers (8.0 FTE). The request includes \$1.2 million from all sources of funds, including \$0.5 million from federal funds and \$0.7 million from gasoline tax proceeds to fund 8.0 new full-time equivalent positions, including five managing engineers and three construction management resident positions, who ensure that the project construction work schedules are maintained and serve as project liaisons with property owners, community officials, businesses, and emergency response agencies. Managing engineers will be responsible for revising, approving or rejecting specifications or changes in designs. The revised request includes \$0.3 million to fill four of these positions in January 2020. *The Governor recommends \$0.3 million for 4.0 managing engineers, consistent with the revised request.*

Planning Positions (3.0 FTE). The request includes \$0.4 million from federal funds to fund three new positions, consisting of a data analyst and two economic and policy analysts. The request assumes that the positions would be filled in January 2020. These positions are in the Department's Planning Division and will work on the ten-year plan and assist with applications for discretionary grants. The revised request includes \$0.1 million to fund two of these positions, assuming that they will be filled in January 2020. *The Governor recommends \$0.1 million for the data analyst position.*

Office Managers (2.0 FTE). The Department requests \$0.2 million from gasoline tax proceeds to fund two office manager positions. The Department indicates that subsequent to its request, the office manager positions have been reconsidered and were changed to assistant building and grounds officers. These positions will help manage transit facilities, such as the Wickford Train Station, the Welcome Center and the Woonsocket Depot. *The Governor concurs and includes \$0.1 million.*

Inspectors (3.0 FTE). The request includes \$0.3 million from federal funds and other funds to support three new inspector positions. The enacted budget assumes 7.0 bridge and supervising bridge safety inspector positions, who are responsible for performing inspections of bridge related structures, such as trestles, culverts, and water ways to detect damage or wear. The enacted budget also assumes a total of 13.0 electrical inspectors which are responsible for inspecting and maintaining electrical installations to insure that National Electric Safety Codes are met. The Department's revised request includes \$0.1 million to fund two inspector positions. *The Governor recommends \$0.1 million for two positions, an electrical inspector and a bridge inspector.*

Public Relations (1.0 FTE). The request includes \$0.1 million from gasoline tax proceeds to fund a new information and public relations specialist position. It assumes that the position would be filled in January 2020. The Department indicates that it receives media requests on projects and this position would work with project management and provide communications and project updates. *The Governor concurs.*

Other Positions (4.0 FTE). The request includes \$0.5 million from gasoline tax proceeds to fund four other new positions. The positions include an administrator for real estate, an economic and policy analyst position, an assistant financial and contract management and a construction management resident. The administrator of real estate will be responsible for all the real estate transactions associated with projects and the construction management resident will serve as a resident engineer on construction projects. The assistant financial and contract management position will work in the Tolling Unit and will be responsible for the financial reconciliations related to tolling. The Department notes that the task was too much to absorb into its day to day finance operations. *The Governor concurs and includes \$0.3 million.*

Other Salaries and Benefits. The request includes \$93.1 million from all sources of funds to support the remaining 755.0 full-time equivalent positions. This is \$1.5 million more than enacted and is \$763,530 more than the current services estimate provided by the Budget Office to primarily restore turnover savings for which the enacted budget assumed \$2.7 million for 37.8 vacancies. The request includes turnover savings of \$1.9 million, equivalent to 27 vacancies, or 14.5 positions more than the revised request due to an increase in requested staffing of 35.0 new positions to the revised budget. As of December 7, the Department has 27 positions vacant. *The Governor recommends \$0.7 million more than enacted from all sources. This is \$0.7 million less than requested from statewide medical benefit and turnover savings.*

GARVEE Debt Service. At the request of the Department, separate legislation was submitted in 2019-H 5883 on March 21, 2019, authorizing the issuance of \$200.0 million through the GARVEE Program to fund construction costs for Interstate 95 Northbound Providence Viaduct project. The 2019 Assembly adopted legislation in Article 6 of 2019-H 5151, Substitute A, as amended authorizing the issuance. The request includes \$82.9 million from all sources, including the enacted amount of \$9.3 million from gasoline tax proceeds and \$73.5 million from federal funds, or \$16.0 million more than enacted to reflect the annualized debt payment from issuance of the new GARVEE bonds. The Department indicated that the debt would be issued in June or July 2019 as it advocated for swift passage of its legislation last legislative session. It appears that the issuance will occur late spring 2020.

The Governor recommends \$0.1 million less than requested, based on a downward revision to the gasoline tax yield. It should be noted that based on the anticipated issuance for the new GARVEE bonds, debt service payment is \$2.0 million more than the budgeted amount from federal funds.

The Governor also proposes legislation in Article 4 of 2020-H 7171 for authorization to issue \$64.2 million through Motor Fuel Revenue Bonds to match federal funds that the Department of Transportation received. The total debt service payment is not to exceed 15 years and \$82.4 million; debt service payments would be supported by 2 cents of the gasoline tax.

Route 37 Corridor. 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 \$8.9 million for FY 2021, \$6.1 million less than enacted reflective of timing. The total estimated project cost is \$62.2 million and is included in the Department's ten-year plan. The project will include the replacement and/or rehabilitation of 15 bridges and culverts along the Route 37 Corridor. It will also include improvements to the Pontiac Avenue westbound exit ramp. The Department indicates that it will select a contractor in January 2020; construction will likely start in April 2020 and end in May 2023. *The Governor concurs.*

Pell Ramps Realignment. In December 2018, the Department of Transportation was awarded a \$20.0 million federal discretionary grant to reconfigure the Pell Bridge Interchange. The requests assume use of \$7.1 million in FY 2020 and \$2.6 million in FY 2021. Remaining funds of \$10.3 million are programmed in FY 2022. The new grant funds will allow the Department to accelerate the project, which is estimated at \$66.1 million. The Department indicates that design is in process and it anticipates advertising the project in summer 2020 with construction starting in spring 2021. *The Governor concurs.*

Pawtucket/Central Falls Train Station. The request assumes use of \$6.4 million, \$0.1 million less than enacted from a \$13.1 million federal discretionary grant received to build a new commuter rail station on the Pawtucket/Central Falls border. It should be noted that the FY 2020 through FY 2024 approved plan assumes total project costs of \$42.4 million, but most recent approved Transportation Improvement Plan includes \$50.9 million, a difference of \$8.5 million. In addition to \$3.5 million from federal funds, the Department indicates that \$5.0 million from highway maintenance funds or its current allocation from Rhode Island Capital Plan funds and land sales would be used to make up the increased cost of the project. The project's infrastructure will include three platforms, a pedestrian overpass, bus drop-off access, pedestrian access and parking. The station is intended to be served by the Massachusetts Bay Transportation Authority along its Providence line, connecting Pawtucket/Central Falls to Providence and Boston. *The Governor concurs.*

Other Highway Improvement Projects. The Department requests \$305.5 million from all sources of funds, including \$189.4 million from federal funds matched by \$73.4 million from motor vehicle surcharges, Rhode Island Capital Plan funds and \$45.0 million from toll revenue for all other highway improvement projects included in the Department's ten-year plan for FY 2021. The request is \$15.0 million more than enacted, including \$2.7 million more from federal funds, all but \$52,394 is for the Interstate 95 North Viaduct Project; \$2.5 million less from Rhode Island Capital Plan funds, consistent with the approved plan; and \$7.6 million less from highway maintenance funds, offset by \$2.4 million from other funds. *The Governor recommends \$0.6 million less than enacted to primarily reflect use of highway maintenance funds for the Rhode Island Public Transit Authority to match federal funds for bus purchases.*

Turnpike and Bridge Authority. The request includes the enacted amount of \$16.3 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. The funding is generated from 3.5 cents of the gasoline tax previously dedicated to the Department, which is able to make the transfer based on additional fund sources made available for infrastructure. The Department's request assumes a gasoline tax yield slightly lower than the enacted budget; however, the request does not reflect any adjustment for this. Subsequent to the submission of the request, the Office of Revenue Analysis projects a gasoline tax yield that is \$42,334 lower than the enacted budget; the impact to the Authority is \$148,169. *The Governor recommends \$148,169 less than requested, reflective of the updated gasoline tax yield.*

Public Transit Authority. Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 35-cent gas tax. The funds are transferred to the Authority but reflected in the Department of

Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority also receives its share of funding from the Highway Maintenance Account, which is based on 5.0 percent of all fines and fees collected into the account. The 2019 Assembly adopted legislation to permanently provide \$5.0 million from the highway maintenance funds for the Authority.

The request assumes \$55.2 million, including the enacted amount of \$45.5 million from gasoline tax proceeds and \$9.7 million from highway maintenance funds to the Authority. This is \$0.1 million more than enacted based on upward revision to highway maintenance funds collection. It should be noted that the Office of Revenue Analysis projects a gasoline tax yield that is \$42,334 lower the enacted budget; the impact to the Authority is \$0.5 million. The Authority submitted an operating budget in October 2019, which projects surpluses of \$52,682 for FY 2020 and \$53,508 for FY 2021. *The Governor recommends \$55.0 million for the Authority, or \$0.2 million less than requested. This includes \$0.5 million less from gasoline tax proceeds, based on a downward revision to the yield and \$0.2 million more from highway maintenance funds, reflecting projection.*

RIPTA Bus Purchases. Consistent with the approved plan, the request removes one-time expenditures of \$3.1 million budgeted from the Department's share of highway maintenance funds to provide matching funds for the Authority to purchase buses. With the exception of \$3.1 million assumed in FY 2020, the approved plan assumed use of \$22.0 million from Authority sources for the required match. *The Governor's capital budget includes a total of \$25.2 million from the Department of Transportation's current share of the Highway Maintenance Account for continued match. This includes \$3.1 million for FY 2021, \$50,309 more than enacted.*

Mass Transit Hub. The capital approved plan includes \$35.0 million from general obligation bonds approved by the November 2014 voters to expand and improve the state's transit hubs located at the Providence Amtrak station, Kennedy Plaza and the proposed Garrahy Courthouse parking complex. Since the bonds have been approved, the Department has issued three requests for proposals and its capital budget request assumes the issuance of a fourth request for proposals, with responses that would have been due by fall 2019; however, it was subsequently cancelled. The Department indicates that it is working with the City of Providence and the Public Transit Authority to develop a project that meets transportation needs. Through FY 2019, a total of \$1.1 million from the bond proceeds have been used for issuance and preliminary planning expenses. Consistent with the revised request, the request includes new expenditures of \$350,000 from gasoline tax proceeds for professional legal services. *The Governor concurs.*

Congestion Mitigation and Air Quality Projects. Excluding salaries and benefits, the request includes \$8.1 million from federal congestion mitigation air quality grant funds. This is \$4.1 million less than enacted based on historical expenditures, which averaged \$4.5 million in each of the last three fiscal years. These funds are used to support transit operations, such as parking garages and train stations. Funds are also used for programs to help meet the requirements of the federal Clean Air Act and to assist the state in improving air quality through congestion relief and lowering emissions. *Consistent with the revised budget, the Governor recommends \$0.8 million more than requested to include expenditures that were inadvertently omitted from the request.*

Third Party Projects Reimbursements. The Department receives funds when it performs work for municipalities and other entities which are used to fund personnel costs for employees who perform work on the projects. The request includes \$1.6 million or \$1.4 million less than enacted. It appears that reduction might have been in error as the FY 2020 revised request inadvertently excludes \$3.0 million, which the Department subsequently indicates was in error. *The Governor recommends \$0.7 million more than requested to restore expenses that were omitted in the request.*

Rhode Island Public Rail Corporation. The Rhode Island Public Rail Corporation, a quasi-public state agency was created and established for the purpose of enhancing and preserving the viability of commuter rail operations in the state. It provides indemnity for rail service operating within the state; the state is fully responsible for reimbursing costs for all costs associated with the purchase of insurance coverage. Currently, track usage fees are classified as an escrow liability, which the Auditor General found should be classified as restricted receipts. *The Governor's budget includes expenditures of \$0.1 million from track fee usage in the Department of Transportation. She also includes legislation in Article 2 of 2020-H 7171 authorizing the Budget Officer to convert any escrow liability account to restricted receipt account, upon the directive of the Controller with the consent of the Auditor General.*

Maintenance Projects. The request includes \$4.0 million from gasoline tax proceeds, \$14.3 million less than enacted based on maintenance projects anticipated to be completed. The Department notes that those are either two or three contracts such as fencing, guardrail and striping. The revised request shifted these expenditures to available federal funds. Federal fund expenditures for them are not assumed in the request. The Department notes that the federal funds must be obligated in the fiscal year when the contract is advertised. The 2019 Assembly repurposed savings and included \$15.0 million of excess resources for these maintenance projects. The request appears to remove those expenses. *The Governor concurs.*

Winter Maintenance Operations. Excluding salaries and benefits, the Department requests \$17.1 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2021. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is \$1.3 million less than enacted; however, it is \$3.8 million more than FY 2019 expenditures. The average annual cost for winter maintenance operations from FY 2015 through FY 2019 is \$16.6 million. The current request is \$0.5 million above that. *Consistent with the revised budget, the Governor recommends \$18.0 million for FY 2021, which is \$0.4 million less than enacted.*

Vehicles/Equipment and Maintenance. The request includes \$15.6 million from all sources, including \$3.0 million from Rhode Island Capital Plan funds to purchase heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet. The request is \$3.1 million less than enacted, including \$4.6 million less from gasoline tax proceeds and \$1.5 million more than enacted from Rhode Island Capital Plan funds; the approved plan assumes an annual amount of \$1.5 million. Through FY 2019, the Department has replaced over half of its fleet. Of a total of 707 vehicles, 377 are model year 2015 or newer. The request is based on the amount of equipment and vehicles that the Department has already obtained. *The Governor concurs, with the exception of providing \$1.5 million less from Rhode Island Capital Plan funds, which is consistent with the approved plan.*

RhodeWorks Legal Services. Consistent with the revised request, the request includes \$1.6 million from gasoline tax proceeds, \$0.5 million more than enacted for legal 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. FY 2019 expenditures were \$0.8 million, for which the final budget included \$1.1 million. Expenditures through December 2019 totaled \$215,539. *The Governor concurs.*

IT Projects and Support. The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, requiring the Department to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion. The Department is currently undergoing a reorganization and it requests \$1.3 million or \$0.6 million more than enacted from gasoline tax proceeds to purchase a project tracking and management system solution and to increase support services. Other projects include Oracle support and ongoing replacement of personal computers, server blades and maintenance agreements for its asset management system. *The Governor recommends funding as requested.*

Other Maintenance Division Expenses. The Department requests \$12.4 million from gasoline tax proceeds for all other operating expenses for the Division of Maintenance. These include activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request is \$0.9 million less than enacted, including \$1.0 million less for rental of maintenance equipment for which the enacted budget included \$2.3 million and FY 2019 expenditures were \$0.6 million. The request includes \$3.8 million, or \$0.2 million more for than enacted for electricity, consistent with FY 2019 expenses. It also includes the enacted amount of \$3.5 million for small scale maintenance and repair projects. The total request is consistent with the revised request and is \$2.4 million more than FY 2019 expenses. *The Governor concurs.*

Capital - Statewide Paving. Consistent with its capital budget request, the Department's request includes \$20.0 million annually from Rhode Island Capital Plan funds for a statewide pavement program. Work would include pavement resurfacing, crack sealing, and micro surfacing of state-owned roads. This funding is in addition to \$876.7 million of pavement projects included in the newly adopted ten-year plan. The Department has previously noted that during the Transportation Improvement Program public process, local cities and towns requested an additional \$145.0 million worth of pavement projects. The Department included funding for this project in its last four capital requests, neither the Governor nor the Assembly provided funding. *The Governor does not recommend funding this project.*

Capital - Other New Projects. Consistent with its capital budget request, the request includes \$2.6 million from Rhode Island Capital Plan funds for three new projects. This assumes use of \$2.0 million in FY 2021 for a \$20.0 million project to build a new 80,000 square foot garage behind the Department's current maintenance headquarters in Warwick. It includes \$250,000 for a \$4.5 million project to build two salt brine facilities and two truck washing facilities, one each in Smithfield and Warwick, to improve winter maintenance operations. The approved plan assumes \$3.6 million in project costs funded with gasoline tax and residual bond proceeds to design and construct a pre-engineered metal building behind the current maintenance headquarters on Colorado Avenue in Warwick. The Department indicates that bids received in spring 2019 were \$14 million to \$20 million, once limited office space and restrooms were included. Instead of revising this project to reflect bids received, the Department instead requests a new project for \$20.0 million, previously described, and maintains this \$4.3 million project, including \$0.3 million from Rhode Island Capital Plan funds for FY 2021. Subsequently, it indicates that this project should not be considered as actual bids are higher. *The Governor does not recommend funding these new projects.*

Capital - Other Projects. The Department requests \$5.7 million from Rhode Island Capital Plan funds for eight ongoing projects, \$580,651 more than enacted. *The Governor recommends \$0.9 million less than requested, this includes \$0.5 million to match federal sources to construct a new bus hub at the University of Rhode Island Kingston Campus. A detailed description of these projects is included in the Capital Budget section of this publication.*

National Highway Safety Grants. Excluding salaries and benefits, the request includes \$9.4 million or \$4.0 million more than enacted from the National Highway Transportation Safety Administration for FY 2021. The request is \$1.0 million more than FY 2020 projected expenditures. Grant funds are used to encourage safety on highways and for programs to lower amounts of impaired driving, risk reduction and increase seatbelt use. Historically, the Department overestimates its ability to spend these funds. The request is \$4.4 million more than FY 2019 expenses. *The Governor recommends funding as requested.*

Other Expenses. The Department requests \$2.3 million from gasoline tax proceeds for all other expenses, \$104,920 more than enacted. Expenditures in the Management and Budget and Infrastructure Engineering programs are \$25,880 less than enacted, offset by \$130,800 more in Central Management for office supplies, temporary and security services, and expenses for expert testimony. The request is \$40,800 more than the revised request. *The Governor recommends funding as requested.*