



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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Department of Administration
BUDGET OFFICE
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Providence, R.I. 02908-5886

Memorandum

To: The Honorable Helio Melo
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

Date: March 20, 2013

Subject: Amendments to FY 2014 Appropriations Act (13-H-5127)

The Governor requests that several amendments be made to the FY 2014 Appropriations Act, which was submitted to the General Assembly on January 16, 2013. The amendments include changes to appropriation amounts in Article 1, Relating to Making Appropriations in Support of FY 2014, and Article 10, Relating to Making Revised Appropriations in Support of FY 2013. The Governor also requests that changes be made to Article 6, Relating to Division of Motor Vehicles; Article 11, Relating to Municipal Incentive Aid; Article 16, Relating to Restricted Receipt Accounts; and Article 23, Relating to Historic Structures - Tax Credits. Please replace the original Article 6 and Article 11 with the attached new versions. A description and explanation of the requested changes is provided below.

If you have any questions regarding these amendments, please feel free to call me or my staff at 222-6300.

TAM:13-Amend01
Attachments

cc: ✓ Sharon Reynolds Ferland, House Fiscal Advisor
Eugene Gessow, Senate Fiscal Advisor
Kelly Mahoney, Director of Policy
Richard Licht, Director of Administration
Peter Marino, Director, Office of Management and Budget
Gregory Stack, Supervising Budget Analyst

TDD#: 277-1227

**ARTICLE 1, RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY
2014**

SECTION 1, APPROPRIATIONS IN SUPPORT OF FY 2014

Department of Administration

Increase Federal Funds in the Planning Program, Page 4, Line 33 by \$2,000,000 from \$6,935,098 to \$8,935,098. The Planning Division recently received notification from the US Department of Housing and Urban Development of a new \$4.6 million Community Development Block Grant award. Of this amount, the Planning Division expects to spend \$2.0 million in FY 2013, \$2.0 million in FY 2014, and \$584,584 in FY 2015. Because the payments to cities and towns are on a reimbursement basis, actual expenditures may vary from the annual amounts budgeted. All of the funding is disbursed to cities and towns. The grant period is for three years, however, extensions are allowed.

Office of the Lieutenant Governor

Increase Federal Funds, Page 11, Line 14 by \$969,380 from \$139,108 to \$1,108,488. The Office of the Lieutenant Governor was recently awarded a \$1.6 million State Innovation Model grant focused on healthcare payment and delivery system reform from the Center for Medicare and Medicaid Innovation. The Office expects to spend \$661,666 of this amount in FY 2013 and \$969,380 in FY 2014. The performance period for the grant is six months and work on the grant is expected to begin April 1, 2013.

Office of the General Treasurer

Insert "Restricted Receipt - \$40,000", Page 12, after Line 7. This amendment is comprised of two parts. First, the Office of the General Treasurer was notified of a private foundation grant in the approximate amount of \$70,000 to hire an Economic Policy Analyst, after the Governor's recommendation was submitted. The \$40,000 in financing recommended for FY 2014 will provide part-year salary and benefits for one FTE in the Policy division, with the remaining \$30,000 recommended for FY 2013.

Department of Children, Youth & Families

No net change or Article 1 change in Restricted Receipts in the Central Management program. There is a natural account change in the Indirect Cost Restricted Receipt account. The change distributes expenditures amongst an array of operating costs in order to correspond with the general revenue natural accounts that were reduced and shifted to the restricted receipt account.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Increase General Revenue – Services for the Developmentally Disabled, Page 19, Line 16 by \$739,579 from \$108,028,405 to \$108,767,984. This change consists of three components. There is an increase of \$375,993 to restore funding associated with the closing of a Special Care Facility. This reduction is shifted to the Hospital program to represent the closing of one of the Zambarano Group Homes. There is also a reduction of \$112,878 in the general revenue grants category in the RICLAS program. This adjustment accounts for the statewide benefits reduction taken from personnel funding in the corresponding restricted receipts 'net budget' account. The final component of this change includes an addition of \$476,464, which adjusts the ACA savings initiative within the Developmentally Disabled and Behavioral Healthcare programs that had been inaccurately distributed amongst the CNOM accounts in the Governor's recommendation. This adjustment also reduces the overall general revenue net reduction from \$2.2 million to \$2.1 million due to a partial restoration of savings that had been 'double counted' because it overlapped with the Housing First Initiative (Behavioral Healthcare program).

Increase Federal Funds – Services for the Developmentally Disabled, Page 19, Line 17 by \$755,126 from 110,323,704 to 111,078,830. This change consists of three components. There is an increase of \$439,338 to restore funding associated with the closing of a Special Care Facility. This reduction is shifted to the Hospital program to represent the closing of one of the Zambarano Group Homes. There is a reduction of \$114,699 in the federal grants category in the RICLAS program. This adjustment accounts for the statewide benefits reduction taken out of personnel in the corresponding restricted receipts 'net budget' account. The final component of this change includes an addition of \$430,487, which corrects the ACA savings initiative in the CNOM account for this program, as explained above.

Decrease General Revenue- Behavioral Healthcare Services, Page 19, Line 27 by \$354,561 from \$43,410,276 to \$43,055,715. This reduction corrects the ACA savings initiative in the CNOM accounts for this program, as explained above.

Decrease Federal Funds - Behavioral Healthcare Services, Page 19, Line 29 by \$714,604 from \$56,653,732 to \$55,939,128. This reduction corrects the ACA savings initiative in the CNOM accounts for this program, as explained above.

Decrease General Revenue – Hospital and Community Rehabilitative Services, Page 20, Line 8 by \$663,365 from \$52,067,961 to \$51,404,596. This change consists of two components. There is restoration of funding in the Developmentally Disabled program associated with the closing of a Special Care Facility. This error is corrected and the savings are shifted to the Hospital program to represent the closing of one of the Zambarano Group Homes, a reduction of \$375,993. There is a reduction of \$287,372 in the general revenue grants category in the RICLAS program. This adjustment accounts for the statewide benefits

reduction taken out of personnel in the corresponding restricted receipts 'net budget' account.

Decrease Federal – Hospital and Community Rehabilitative Services, Page 20, Line 9 by \$424,205 from \$52,462,932 to \$52,038,727. This change consists of two components. There is restoration of funding in the Developmentally Disabled program associated with the closing of a Special Care Facility. This error is corrected and the savings are shifted to the Hospital program to represent the closing of one of the Zambarano Group Homes, a reduction of \$132,198. There is a reduction of \$292,007 in the federal grants category in the RICLAS program. This adjustment accounts for the statewide benefits reduction taken out of personnel in the corresponding restricted receipts 'net budget' account.

Department of Elementary and Secondary Education

Increase General Revenue – Davies Career and Technical School, Page 21, Line 32 by \$86,380 from \$12,716,908 to \$12,803,288. The Governor recommends restoring financing that was inadvertently removed due to statewide adjustments. The amount allocated to Davies each year is calculated pursuant to the education aid funding formula and thus savings in medical insurance expenses should not have been withdrawn.

Department of the Attorney General

Increase Federal Funds – Criminal, Page 27, Line 8 by \$11,000 from \$1,608,932 to \$1,619,532. The Governor recommends additional federal funds from the Victims of Crime Assistance federal grant award. The total grant award is \$41,000, of which \$30,000 will be spent in FY 2013 with the remaining \$11,000 being spent in FY 2014. The grant award must be expended by September 30, 2014.

Department of the Environmental Management

Increase Federal Funds – Natural Resources, Page 32, Line 22 by \$3,103,402 from \$23,854,063 to \$26,957,465. The Governor recommends additional federal funds based on new federal grant awards received after the Governor's budget submission. The Governor includes \$195,095 for Artificial Reef Research grant, which expires December 31, 2017. This increase also includes \$2,908,307 for RI Commercial Fishing Infrastructure Improvements, expiring June 30, 2015.

Coastal Resources Management Council

Decrease Federal Funds – Stimulus, Page 33, Line 22 by \$352,240 from \$757,914 to \$405,674. The Governor recommends a reduction in FY 2014 funds in the R.I. River Ecosystem Restoration Program and shifting this funding authorization to FY 2013 to match the agency's revised spending plan.

SECTION 5, INTERNAL SERVICE FUND APPROPRIATIONS

The Governor requests that several amendments be made to the appropriations for Internal Service Funds (ISF) in FY 2014. The amendments correct ISF appropriation amounts and delineate other post employment benefits (OPEB) expenditures by category of employees. OPEB expenditures that were originally included in the budget under the Health Insurance Fund appropriation will now be shown separately. The requested ISF amendments are listed below:

Decrease "Health Insurance Internal Service Fund", Page 36, Line 6 by \$56,004,287 from \$306,132,044 to \$250,127,757.

Delete "Other Post-Employment Benefits Fund - \$719,545", Page 36, Line 7.

Insert on Page 36 after Line 6 the following new line "OPEB – Retired State Employees - \$49,727,160".

Insert on Page 36 after Line 6 the following new line "OPEB – Retired Higher Education Employees - \$2,536,462".

Insert on Page 36 after Line 6 the following new line "OPEB – Retired Teachers - \$7,531,279".

Insert on Page 36 after Line 6 the following new line "OPEB – Retired State Police - \$3,073,102".

Insert on Page 36 after Line 6 the following new line "OPEB – Retired Legislators - \$772,532".

Insert on Page 36 after Line 6 the following new line "OPEB – Retired Judges - \$931,493".

Change the word "Capital" to "Capitol" on page 36, line 8.

SECTION 9, APPROPRIATION OF UNIVERSITY AND COLLEGE FUNDS

Delete Section 9 in its entirety, and renumber subsequent sections accordingly. The House Fiscal Analyst and the Budget Office Analyst concur that this language is not needed because other sections of Rhode Island General Law provide authority for the expenditure of University and College Funds in excess of those amounts appropriated in Section 1 of Article 1.

SECTION 12, RHODE ISLAND CAPITAL PLAN MULTI-YEAR APPROPRIATIONS

On Page 39, delete the language on lines 3 through 12, and replace with the new language shown below:

SECTION 12. The amounts reflected in this Article include the appropriation of Rhode Island Capital Plan funds for fiscal year 2014 and supersede appropriations provided for FY 2014 within Section 11 of Article 1 of Chapter 241 of the P.L. of 2012.

The following amounts are hereby appropriated out of any money in the State's Rhode Island Capital Plan Fund not otherwise appropriated to be expended during the fiscal years ending June 30, 2015, June 30, 2016, and June 30, 2017. These amounts supersede appropriations provided within Section 11 of Article 1 of Chapter 241 of the P.L. of 2012. For the purposes and functions hereinafter mentioned, the State Controller is hereby authorized and directed to draw his or her orders upon the General Treasurer for the payment of such sums and such portions thereof as may be required by him or her upon receipt of properly authenticated vouchers.

This change is needed because the years of the multi-year appropriations were incorrect. The Budget Office inadvertently included language from the FY 2013 Appropriations Act in Section 12 of the FY 2014 Appropriations Act.

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ARTICLE 6, RELATING TO DIVISION OF MOTOR VEHICLES

Replace Article 6 in its entirety with the attached version. This new version of Article 6 makes extensive changes to Section 2 of the article. The original version of Article 6 differentiated between biennial and annual registration periodicity regardless of vehicle type. The new version of Article 6 considers the timing of registration renewals as it pertains to vehicles but not trailers. Thus, a vehicle or truck that has a biennial registration will face a \$10.00 per year phase-in schedule until a full \$30.00 surcharge is attained, unless the registration plate type for the vehicle or truck is Antique, Farm or Motorcycle. For the Antique, Farm and Motorcycle registration plate types, the schedule outlined in the original version of Article 6 would be used. It should be noted that the registration plate type Veteran, which was included with the Antique, Farm and Motorcycle registration plate types in the original version of Article 6, has been removed. Veteran registration plate types will be subject to the same surcharge amount as any other vehicle or truck with the surcharge amount dependent on the vehicle or truck's registration periodicity. This change is consistent with current law where the owner of a Veteran registration plate type pays the same registration fees as the owner of a standard registration plate type.

The new version of Article 6 changes the treatment of trailers with respect to the surcharge amount per registration. The surcharge amount for the registration of a trailer will be one-half of the registration cost for a trailer. The surcharge amount, similar to the case of Antique, Farm and Motorcycle registration plates, will be payable in full at the time of the next registration rather than being phased-in over a three year period. Under the original version of Article 6, trailers were subject to the same registration surcharge amounts and payment schedule as a vehicle or

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Summary of Governor's Article 1, Section 1 March Amendments to FY 2014 Act (13-H-5127)

Department/Item	General Revenue	Federal Funds	Restricted Receipts	Other Funds	Total
FY 2014 Recommend (Gov's Original Recommendation)	3,399,154,309	2,645,054,272	252,758,622	1,875,507,740	8,172,474,943
March Amendments					
Department of Administration					
Community Dev. Block Grant- FFY 2012 Award	-	2,000,000	-	-	2,000,000
Office of the Lieutenant Governor					
CMMI State Innovation Model Grant	-	969,380	-	-	969,380
General Treasury					
Treasury Research Fellowships	-	-	40,000	-	40,000
Department of Children, Youth & Families					
Indirect Costs	-	-	Net Zero	-	Net Zero
Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals					
ACA/CNOM correction	121,903	(284,117)	-	-	(162,214)
Shift Group Home Closure Savings from DD to Hospitals	No Net change	307,140	No Net change	-	307,140
Statewide Benefit Adjustment/RICLAS/Hospitals	(400,250)	(406,706)	-	-	(806,956)
Department of Elementary and Secondary Education					
Davies Career and Technical Center	86,380	-	-	-	86,380
Attorney General					
Victims of Crime Assistance Grant	-	11,000	-	-	11,000
Department of Environmental Management					
Artificial Reef Research	-	195,095	-	-	195,095
RI Commercial Fishing Infrastructure Improvements	-	2,908,307	-	-	2,908,307
Coastal Resources Management Council					
R.I. River Ecosystem Restoration	-	(352,240)	-	-	(352,240)
Total - Governor's March Amendments to FY 2014	(191,967)	5,347,859	40,000	-	5,195,892
Total Recommended Expenditures	3,398,962,342	2,650,402,131	252,798,622	1,875,507,740	8,177,670,835
Internal Service Funds				7,848,196	7,848,196

Governor's Article 1, Section 1 March Amendments to FY 2014 Appropriations Act (13-H-5127)

	Page No./ Line No.	FY 2014 Original Submittal	Governor's March Amendments	FY 2014 Revised Recommend
Department of Administration				
Planning				
Federal Funds	Page 4, Line 33	6,935,098	2,000,000	8,935,098
Total - Planning	Page 5, Line 3	16,375,504	2,000,000	18,375,504
Grand Total - Administration	Page 7, Line 29	425,792,843	2,000,000	427,792,843
Office of the Lieutenant Governor				
Federal Funds	Page 11, Line 14	139,108	969,380	1,108,488
Grand Total - Office of the Lieutenant Governor	Page 11, Line 15	1,125,998	969,380	2,095,378
General Treasurer				
Treasury				
Restricted Receipts	Page 12, Insert after Line 7	0	40,000	40,000
Total - Treasury	Page 12, Line 11	2,693,216	40,000	2,733,216
Grand Total - General Treasurer	Page 12, Line 28	35,060,485	40,000	35,100,485
Department of Behavioral Health, Developmental Disabilities, and Hospitals				
Services for the Developmentally Disabled				
General Revenues	Page 19, Line 16	108,028,405	739,579	108,767,984
Federal Funds	Page 19, Line 17	110,323,704	755,126	111,078,830
Total- Services for the Developmentally Disabled	Page 19, Line 25	221,130,290	1,494,705	222,624,995
Behavioral Healthcare Services				
General Revenues	Page 19, Line 27	43,410,276	(354,561)	43,055,715
Federal Funds	Page 19, Line 29	56,653,732	(714,604)	55,939,128
Federal Funds Total	Page 19, Line 31	56,893,732	(714,604)	56,179,128
Total- Behavioral Healthcare Services	Page 20, Line 6	101,619,008	(1,069,165)	100,549,843
Hospital and Community Rehabilitative Services				
General Revenues	Page 20, Line 8	52,067,961	(663,365)	51,404,596
Federal Funds	Page 20, Line 9	52,462,932	(424,205)	52,038,727
Total- Hospital and Community Rehabilitative Services	Page 20, Line 18	116,490,863	(1,087,570)	115,403,293
Grand Total- General Revenue	Page 20, Line 19	206,649,055	(278,347)	206,370,708
Grand Total- Behavioral Health, Dev. Disabilities, and Hospitals	Page 20, Line 21	444,536,354	(662,030)	443,874,324
Department of Elementary and Secondary Education				
Davies Career and Technical School				
General Revenues	Page 21, Line 32	12,716,908	86,380	12,803,288
Total - Davies Career and Technical School	Page 22, Line 9	17,515,043	86,380	17,601,423
Grand Total - General Revenue	Page 23, Line 9	964,639,970	86,380	964,726,350
Grand Total - Elementary and Secondary Education	Page 23, Line 10	1,225,960,539	86,380	1,226,046,919
Attorney General				
Criminal				
Federal Funds	Page 27, Line 8	1,608,532	11,000	1,619,532
Total - Criminal	Page 27, Line 10	20,496,020	11,000	20,507,020
Grand Total - Attorney General	Page 27, Line 26	30,389,101	11,000	30,400,101
Department of Environmental Management				
Bureau of Natural Resources				
Federal Funds	Page 32, Line 22	23,854,063	3,103,402	26,957,465
Total - Natural Resources	Page 33, Line 6	64,830,345	3,103,402	67,933,747
Grand Total - Environmental Management	Page 33, Line 17	106,554,385	3,103,402	109,657,787

Governor's Article 1, Section 1 March Amendments to FY 2014 Appropriations Act (13-H-5127)

	Page No./ Line No.	FY 2014 Original Submittal	Governor's March Amendments	FY 2014 Revised Recommend
Coastal Resources Management Council				
Federal Funds - Stimulus	Page 33, Line 22	757,914	(352,240)	405,674
Total Federal Funds	Page 33, Line 23	2,637,815	(352,240)	2,285,575
Grant Total - Coastal Resources	Page 33, Line 25	5,187,128	(352,240)	4,834,888
Statewide Totals				
General Revenues	Page 35, Line 5	3,399,154,309	(191,967)	3,398,962,342
Federal Funds	Page 35, Line 6	2,645,054,272	5,347,859	2,650,402,131
Restricted Receipts	Page 35, Line 7	252,758,622	40,000	252,798,622
Other Funds	Page 35, Line 8	1,875,507,740	0	1,875,507,740
Statewide Grand Total	Page 35, Line 9	8,172,474,943	5,195,892	8,177,670,835