
Section VI

Special Reports

State Aid to Local Governments

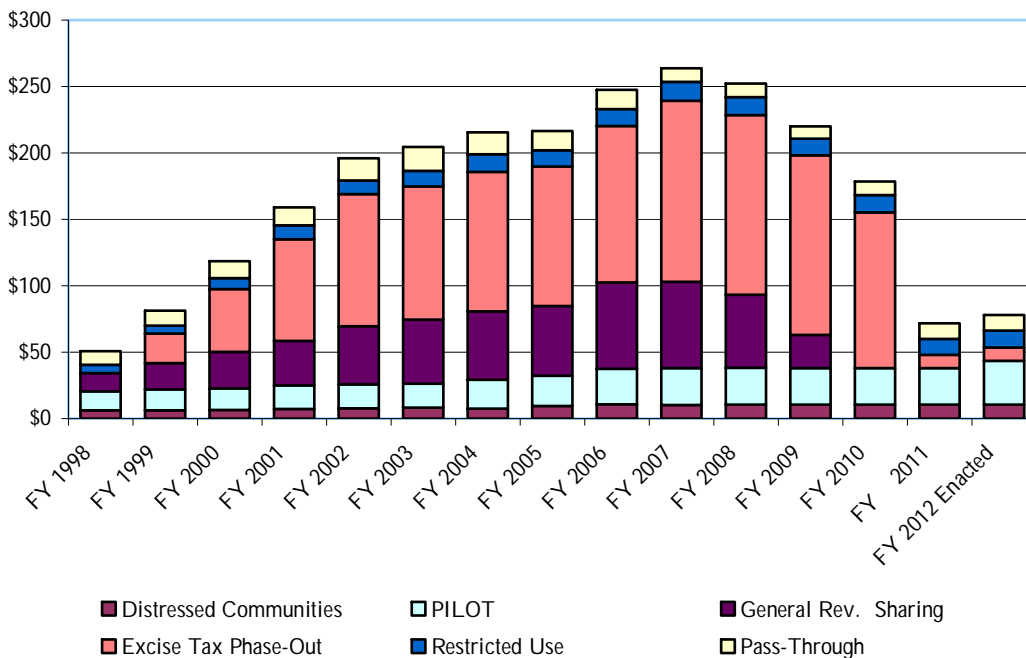
Introduction

The Assembly provided state aid to cities and towns totaling \$60.0 million for FY 2011 and \$66.2 million for FY 2012 from state general revenues. Funding in FY 2011 includes \$48.0 million for general aid programs and \$12.1 million for restricted use programs. Local communities will also receive \$11.8 million in public service corporation property taxes that the state collects and passes through to the communities in both FY 2011 and FY 2012.

The FY 2011 general aid is consistent with the enacted budget and is \$5.2 million less than the Governor’s budget, which recommended increased funds for the Distressed Communities Relief program, provided eligible communities meet certain financial reporting requirements.

The Assembly provided an additional \$5.5 million for the Payment in Lieu of Taxes program for FY 2012.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through FY 2012.



The major changes are discussed on the following pages, followed by tables that show the distribution of general aid by community as well as each general aid program by community. There are also tables showing the distribution of library operating aid, which is considered restricted and not included in the general aid totals and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes.

- **General.** The Assembly provided \$48.0 million in FY 2011 and \$53.5 million in FY 2012. Distributions to communities reflect updated data.

Fiscal Year	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012 Enacted
General Aid - State Sources											
Distressed Communities*	\$ -	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.6	\$ 10.2	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4
PILOT	0.3	12.2	16.1	22.7	27.0	27.8	27.8	27.6	27.6	27.6	33.1
General Rev. Sharing	27.8	13.6	27.6	52.4	65.0	65.1	55.1	25.0	-	-	-
Excise Tax Phase-Out	-	-	47.3	105.0	117.6	136.2	135.3	135.4	117.2	10.0	10.0
Subtotal	\$ 28.1	\$ 33.0	\$ 97.5	\$ 189.7	\$ 220.2	\$ 239.3	\$ 228.6	\$ 198.3	\$ 155.1	\$ 48.0	\$ 53.5
Restricted Use Aid - State Sources											
State Aid for Libraries	\$ 1.6	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.4	\$ 8.7	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8
Library Const. Aid	1.3	1.9	1.6	2.5	2.6	2.8	2.8	2.6	2.6	2.5	2.8
Police & Fire Incentive	4.1	1.3	0.9	1.1	1.1	0.7	0.7	-	-	-	-
Prop. Reval. Reimb.	-	-	0.0	0.6	0.6	2.0	1.1	1.1	1.6	0.8	1.1
MAST Fund	-	-	-	-	-	-	-	-	-	-	-
Subtotal	\$ 7.2	\$ 6.5	\$ 8.2	\$ 12.3	\$ 12.7	\$ 14.2	\$ 13.4	\$ 12.5	\$ 13.0	\$ 12.1	\$ 12.7
Total - State Sources	\$ 35.2	\$ 39.5	\$ 105.7	\$ 202.0	\$ 233.0	\$ 253.5	\$ 241.9	\$ 210.8	\$ 168.2	\$ 60.0	\$ 66.2
Other Aid - Pass-Through											
Public Service Corp.	\$ 9.9	\$ 7.2	\$ 12.8	\$ 14.6	\$ 14.6	\$ 10.3	\$ 10.3	\$ 9.2	\$ 10.2	\$ 11.8	\$ 11.8

*FY 2007 reflects recapture of \$230,272 overpayment from FY 2006.

- **Distressed Communities Relief Fund.** The Assembly provided \$10.4 million in FY 2011 and FY 2012 for the Distressed Communities Relief Fund. It did not concur with the Governor's recommendation to provide an additional \$5.2 million in FY 2011 to eligible communities who meet certain financial reporting requirements.

Current law mandates that when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year's full funding. For FY 2012, North Providence qualified for distressed aid and East Providence and Burrillville no longer qualify. Communities' aid distribution is based on updated qualifying tax levies.

- **Payment in Lieu of Taxes Program.** The Assembly provided \$27.6 million in FY 2011 and \$33.1 million in FY 2012 to fund the Payment in Lieu of Taxes program. The FY 2012 funding represents a reimbursement of 23.4 percent, which is 4.0 percent and \$5.5 million more than the Governor's recommendation. This program reimburses cities and towns for property taxes that 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. Distributions to communities reflect updated data and a ratable reduction to the appropriation. The appropriation for the program has been level funded since FY 2008 when funds represented 25.0 percent of the amount that would have been due. With no additional funding, that has fallen to 21.1 percent in FY 2011. The Governor's budget reflected a reimbursement of 19.4 percent for FY 2012.

- **General Revenue Sharing.** The budget does not include any funding for the General Revenue Sharing Program. The 2009 Assembly adopted the Governor's recommendation to subject the program permanently to appropriation, deleted the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter, and deleted the two-thirds requirement for repealing or amending the statute relating to the apportionment of aid.

- **Motor Vehicle Excise Tax Phase-Out.** The Assembly provided level funding the program in FY 2011 and FY 2012 at the \$10.0 million enacted amount.

- **Library Resource Sharing Aid.** The Assembly provided \$8.8 million in both FY 2011 and FY 2012 for library operating aid. Community distributions in FY 2012 reflect updated data and a ratable reduction to the appropriation.
- **Library Construction Aid.** The Assembly provided \$2.5 million in FY 2011 and \$2.8 million in FY 2012 for library construction aid. The state reimburses libraries up to half of the total cost for eligible projects on an installment basis for a period of up to 20 years. The Assembly also adopted legislation to impose a three-year moratorium on acceptance of applications for library construction aid projects through July 1, 2014.
- **Property Valuation Reimbursement.** The Assembly provided \$0.8 million in FY 2011 and \$1.1 million in FY 2012 to fully fund reimbursements to communities conducting property valuation updates.
- **Public Service Corporation Tax.** The FY 2011 and FY 2012 budgets assume the state will collect \$11.8 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Governor's budgets had assumed \$11.4 million in both years. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.
- **Municipal Accountability, Stability and Transparency Fund.** The Governor proposed the establishment of the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and other-post employment benefits. His recommended budget includes \$19.3 million and will be available from a 1.0 percent sales tax on meals and beverages with his proposal to rollback the regular sales tax to 6.0 percent, taxpayers would not see a change in the tax paid in meals and beverages. The funds will be distributed based on per capita income and local tax burdens using FY 2009 data from the General Revenue Sharing Program.

The Assembly did not concur; however, it adopted legislation, which stipulates that in the event that Congress enacts legislation to require remote sellers to collect and remit taxes, the general sales tax will drop to 6.5 percent and the local meals and beverage tax would increase from 1.0 percent to 1.5 percent with all being distributed to the community in which it was collected.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: General Revenue Sharing, Payments in Lieu of Taxes, Distressed Communities Relief, and Vehicle Excise Tax Phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Rhode Island ranks high on state and local taxes, both on a per capita basis and as a percentage of personal income, 13th and 16th on both measures in FY 2008 according to census data.

Rhode Island property taxes comprise 52.5 percent of all local revenues; nationally they comprise only 28.3 percent. The Rhode Island percentage is the 4th highest in the United States, partially due to the fact that Rhode Island local governments are not allowed to levy local option general sales or income-based taxes.

Rhode Island also ranks high in the percentage of state and local revenues generated from property taxes. It has traditionally relied more on local property taxes than most states. FY 2008 data showed that it ranks 13th in total per capita state and local taxes, but 5th in state and local property taxes. The rankings are similar when the state and local property taxes are measured as percentages of personal income. Further, it ranks 7th in the share that property taxes contribute to total sales, income and property taxes.

FY 2008 Data from Bureau of Census	Rhode Island	United States	Rank
All State and Local Taxes			
Per Capita	\$ 4,607	\$ 4,412	13
As Percentage of Personal Income	11.1%	12.0%	16
State and Local Property Taxes			
Per Capita	\$ 1,950	\$ 1,313	5
As Percentage of Personal Income	4.7%	3.6%	2
Percentage of Income, Sales and Property Taxes	51.5%	39.5%	7
State and Local Income Taxes			
Per Capita	\$ 1,032	\$ 1,010	20
As Percentage of Personal Income	2.5%	2.8%	27
Percentage of Income, Sales and Property Taxes	27.3%	30.3%	35
State and Local Sales Taxes			
Per Capita	\$ 801	\$ 1,009	35
As Percentage of Personal Income	1.9%	2.7%	37
Percentage of Income, Sales and Property Taxes	21.2%	22.5%	40
Local Revenues Sources Only			
Percent from State Government	30.2%	33.3%	35
Percent from Property Tax	52.5%	28.3%	4

The high rankings are also partially due to the relatively low percentage of state contributions to local budgets. State aid contributed 30.2 percent of FY 2008 local revenue sources in Rhode Island, the 35th lowest percentage in the United States. Nationally, states contributed an average of 33.3 percent. These rankings are in spite of concerted efforts by the General Assembly to decrease reliance on the property tax as a source of state and local expenditures beginning in the mid 1990s.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here. More complete information concerning education aid is contained in the *Education Aid* section of the *Budget as Enacted*.

Pass-through aid in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources, but is actually a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It is not part of the state budget or funds.

General State Aid

Distressed Communities Relief Program. The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers. The 2005 Assembly increased eligibility for FY 2006 to any

community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the Distressed Communities Relief program.

Rankings	Central			Cranston	East Providence	North Providence	Pawtucket	West		
	Burrillville	Falls	Coventry					Providence	Warwick	Woonsocket
FY 2009										
Levy/Full Value	19	14	10	2	-	7	12	1	3	13
Per Capita Income 2000	7	1	11	10	-	19	4	2	6	3
Personal Income/Full Value	6	1	10	9	-	7	3	4	5	2
Full Value Per Capita	6	1	10	9	-	7	3	4	5	2
Qualifying Rankings	3	3	0	1	-	3	3	4	4	3
Qualifying Rankings	1	3	3	3	-	3	3	4	4	4
FY 2010										
Levy/Full Value	22	17	5	3	-	6	13	1	2	8
Per Capita Income 2000	7	1	11	10	-	19	4	2	6	3
Personal Income/Full Value	6	2	9	7	-	4	3	12	5	1
Full Value Per Capita	7	1	10	9	-	6	3	4	5	2
Qualifying Rankings	3	3	1	2	-	3	3	3	4	3
FY 2011										
Levy/Full Value	20	24	5	4	8	11	14	1	3	7
Per Capita Income 2000	7	1	11	10	5	19	4	2	6	3
Personal Income/Full Value	6	2	7	9	11	4	3	12	5	1
Full Value Per Capita	8	1	9	10	6	7	3	4	5	2
Qualifying Rankings	3	3	1	1	3	2	3	3	4	3
FY 2012										
Levy/Full Value	22	25	5	8	11	7	15	1	3	6
Per Capita Income 2000	6	1	11	9	7	10	4	2	5	3
Personal Income/Full Value	9	1	8	15	10	4	3	11	5	2
Full Value Per Capita	7	1	9	11	8	6	3	4	5	2
Qualifying Rankings	2	3	2	1	2	3	3	3	4	4

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

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

The Governor's FY 2010 budget recommended the enacted level of \$10.4 million but used \$10.0 million of the total \$30.0 million available from the flexible portion of the federal stabilization funds in lieu of general revenues. The Assembly funded the program with general revenues in lieu of the stabilization funds. It also adopted legislation subjecting the video lottery terminal funding to appropriation for FY 2010 and each year thereafter.

The Governor recommended \$15.6 million in FY 2011, which reflects an increase of \$5.2 million. In order to receive the additional funding, communities would have to submit a five-year budget forecast to the Division of Municipal Finance by June 20, 2011. The forecast must include a scenario reflecting pensions and Other Post-Employment Benefits obligations at 100 percent of the annual required contribution for both general and unrestricted school funds. His FY 2012 recommendation reverts to the enacted level of \$10.4 million.

The Assembly provided \$10.4 million in FY 2011 and FY 2012 for the Distressed Communities Relief Fund.

Payment in Lieu of Taxes (PILOT). The General Assembly established the PILOT program in 1986 to provide payments in lieu of taxes for private nonprofit institutions of higher education and nonprofit hospital facilities. The rate of reimbursement was set at 25.0 percent of taxes that would have been collected if the property had been taxable. The statute required that payment be made no later than the third month of the fiscal year. The 1988 Assembly expanded eligible institutions to include state-owned or operated hospitals, veterans' residential facilities, or correctional facilities occupied by more than 100 residents. This is the only expansion of eligibility since the program's inception. A minor amendment to the law in 1989 changed the assessment reference to the succeeding local assessment date, not necessarily December 31.

The 1997 Assembly increased the rate of reimbursement to municipalities from 25.0 to 27.0 percent of taxes that would have been collected effective FY 1998. The 2002 Assembly amended the law to allow a ratable reduction in payments to the appropriations.

Funds were not appropriated for the program in FY 1990. For the period from FY 1991 to FY 1995, funding ranged between \$2.8 million and \$3.5 million. In FY 1995, appropriations were increased to \$12.2 million to fully fund the program at 25.0 percent of taxes that would have been due. This required an increase of \$9.4 million over the FY 1994 budget.

Governor Almond recommended eliminating the program in his FY 1996 budget. However, the Assembly did not concur and fully funded the program. In FY 1998, the rate of reimbursement was increased to 27.0 percent. The program was fully funded in FY 1999 through FY 2002.

For FY 2003, the Governor recommended and the Assembly appropriated \$18.2 million, which was approximately 24.8 percent of the amount that would have been due from the exempt properties. The program was fully funded at 27.0 percent for FY 2004 at \$21.7 million. For FY 2005, the Assembly added \$1.0 million to the Governor's recommendation and funded the program at \$22.7 million, 26.3 percent of what would have been collected from the tax exempt institutions.

For FY 2006 the Assembly added \$4.3 million to the Governor's recommendation to fully fund the program at \$27.0 million, and 27.0 percent of the property taxes which would have been collected.

For FY 2007 the Governor recommended \$29.0 million to fully fund the program and added T.F. Green Airport with payments phased in over two years, including \$1.2 million for FY 2007. The Assembly enacted \$27.8 million, did not concur with the inclusion of T.F. Green Airport, and fully funded the existing program at 27.0 percent of forgone property taxes.

The appropriation for the program has been level funded since FY 2008 when funds represented 25.0 percent of the amount that would have been due. With no additional funding, that has fallen to 21.1 percent in FY 2011.

The 2011 Assembly provided \$27.6 million in FY 2011 and \$33.1 million in FY 2012 to fund the Payment in Lieu of Taxes program. The FY 2012 funding represents a reimbursement of 23.4 percent, which is 4.0 percent and \$5.5 million more than the Governor's recommendation.

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on

per capita income and local tax burdens for public purposes. In the FY 1999 budget, the General Assembly began increasing the percentage of revenues dedicated to the General Revenue Sharing program as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. The law also provided that the percentage of second prior year tax collections dedicated to the program would increase on an annual basis through FY 2011 to a total of 4.7 percent.

The 2005 Assembly provided that 6.25 percent of the state share of video lottery net terminal income solely attributable to new machines at Lincoln and Newport be dedicated to the program, up to a maximum of \$10.0 million to non-distressed communities based on the proportion of the general revenue sharing distribution for that year. The 2006 Assembly converted that dedication to 0.10 percent of all net terminal income up to a maximum of \$10.0 million to non-distressed communities.

The 2006 Assembly fixed the FY 2007 appropriation at \$64.7 million to which the video lottery terminal revenues would be added for FY 2007 only and did not concur with the Governor's proposal to freeze the amount at 3.0 percent of the second prior year's general tax revenues, ending the phase-up to 4.7 percent. For FY 2008 the amount would be based upon 3.7 percent of the second prior year's general tax revenues.

The 2007 Assembly concurred with the Governor's proposal to freeze communities' FY 2008 aid payments at the FY 2007 level, and fix future amounts at 3.0 percent of tax revenues ending the phase-up. The 2008 Assembly provided \$55.1 million for the General Revenue Sharing program and changed the reference year data used for the distribution formula to be the same as used for FY 2008. This assured that each community received the same amount of aid in FY 2009 as it did in FY 2008.

The Governor's FY 2009 revised budget reflects the suspension of the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. The 2009 Assembly did not concur and provided \$25.0 million to fund the program in FY 2009, distributed proportionally on the same basis as the original enactment.

The FY 2010 budget does not include any funding for the General Revenue Sharing Program, consistent with the Governor's recommendation. The 2009 Assembly concurred with the Governor's recommendation to subject the program permanently to appropriation; deleted the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter, and deleted the two-thirds requirement for repealing or amending the statute relating to the apportionment of aid.

The Governor did not recommend funding this program in FY 2012. The Assembly concurred.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. It began with a \$1,500 exemption for FY 2000 tax bills that increased by \$1,000 per year to the FY 2005 amount of \$4,500. Cities and towns are held harmless for the exemptions and are reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts may no longer levy motor vehicle excise taxes, and they are fully reimbursed for the lost revenues.

The 2005 Assembly increased the exemption amount from \$4,500 to \$5,000 per vehicle for FY 2006 and dedicated certain future revenues from video lottery terminals to phase out the tax. The 2005

Assembly also provided that 78.125 percent of the *state's share* of video lottery net terminal income solely attributable to new machines at Lincoln and Newport up to \$10.0 million per year be dedicated to ending the car tax by increasing the exemption in \$500 increments until it is ended.

The 2006 Assembly increased the exemptions to \$6,000 and converted that dedication to 1.22 percent of *all* net terminal income up to \$10.0 million per year and provided that the amount of the vehicle value exemption increase to the nearest \$250 increment, and the amount cannot be less than the prior year's exemption.

The 2007 Assembly provided \$135.5 million to fund the car tax phase-out for FY 2008 with a \$6,000 exemption consistent with current law and updated data. This maintains the tax rate freeze and provision for annual increases in the limit based on increases in video lottery terminal proceeds.

The 2008 Assembly provided \$139.6 million to fund the car tax phase-out for FY 2009, and adopted the Governor's recommendation to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

The FY 2010 budget provided \$135.3 million to fund the program and maintains the \$6,000 exemption; however, it assumes no growth in values from FY 2009 for which growth was 0.1 percent above FY 2008.

The Governor included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities. The proposed legislation would allow municipalities to levy a supplemental tax to capture the loss of the reimbursement for FY 2010 subject to property tax cap laws. For FY 2011 and thereafter, the future exemptions would be subject to the annual appropriations.

The 2010 Assembly had not taken action on the Governor's budget and the third quarter payment, which was due on February 1, was made. The Assembly provided an additional \$16.4 million, for total funding of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010.

For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption; however, that additional exemption would not be subject to reimbursement. The Assembly also amended the statute to remove the provision, which restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than assessed in the prior fiscal year. It also allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen.

The 2010 Assembly provided \$10.0 million for FY 2011. Effective for fiscal year 2011 and thereafter, the Assembly restored the authority for fire districts to levy a motor vehicle excise tax.

The 2011 Assembly concurred with the Governor's recommendations to level fund the program in FY 2011 and FY 2012 at the \$10.0 million enacted amount.

Restricted Use State Aid

State Support for Public Libraries. State law requires that the state provide financial support to public libraries, which remained relatively stable for the period from FY 1991 through FY 1997. In

FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the requirement of 25.0 percent for the grants-in-aid program by FY 2000. The statute requires an amount equal to 25.0 percent of second prior fiscal year local expenditures for library services as grants-in-aid. The same requirement applies to institutional libraries, but that funding is not shown in these tables as local aid. Additionally, the state is required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network.

The 2003 Assembly amended the legislation to allow Providence Public Library endowment funding to be considered local effort with the annual amount that may be included for endowment funds capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend that to all libraries.

The 2008 Assembly concurred with the Governor's recommendation to provide \$8.8 million for FY 2009 library operating aid. The Assembly also enacted legislation to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year for just FY 2009.

The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid. It provided \$8.8 million to level fund state library aid at the FY 2009 level.

The 2011 Assembly concurred with the Governor's recommendations to provide \$8.8 million for FY 2011 and FY 2012 library aid.

Library Construction Aid. The Rhode Island General Laws establish a library construction aid program, which is administered by the Office of Library and Information Services. The statute provides the authority to make grants-in-aid to a municipality or a free public library for the construction or capital improvements of any free public library designed to provide better services to the public.

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include the cost of fundraising by the municipality or the free library or the costs of public relations. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

Library construction aid is considered indirect aid for two reasons. Firstly, payments are not necessarily made to a local government; some are made directly to free public libraries. Thus, funding cannot entirely be considered traditional local aid. Secondly, funds are targeted for specific use and are not for general support of the local government or free library budget.

The Assembly provided \$2.5 million in FY 2011 and \$2.8 million in FY 2012 for library construction aid, consistent with the Governor's recommendations. The Assembly also adopted legislation to

impose a three-year moratorium on acceptance of applications for library construction aid projects through July 1, 2014.

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

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state makes payments directly to the municipalities, which, in turn, make payments to the participants in the program.

As part of his FY 2009 budget, the Governor proposed legislation to eliminate the program. The Assembly maintained this program in the general laws, however, provided no funding for FY 2009. The Governor did not recommend funding this program in FY 2012; the Assembly concurred.

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

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state makes payments directly to the municipalities, which, in turn, make payments to the participants in the program.

As part of his FY 2009 budget, the Governor proposed legislation to eliminate the program. The Assembly maintained this program in the general laws, however, provided no funding for FY 2009. The Governor did not recommend funding this program in FY 2012; the Assembly concurred.

Property Valuation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the costs for the first update at a rate not to exceed \$20 per parcel. Reimbursement for future updates declines based on a defined schedule in the General Laws.

The 2011 Assembly adopted the Governor's recommendations for \$0.8 million in reimbursements for FY 2011 and \$1.1 million for costs in FY 2012.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2011 and FY 2012 budgets assume the state will collect \$11.8 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Assembly concurred with the Governor's proposal included in 2009-H 5019 Substitute A, as amended to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Freezing the rate at the FY 2008 level is estimated to save the municipalities a total of \$645,000. Annual tax collections have dropped from \$16.6 million in FY 2004 to \$11.8 million in the current fiscal year.

Under Section 44-13-13 of the Rhode Island General Laws, the tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation, but is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

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

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Final</i>	<i>Change to Governor</i>
Barrington	\$ 327,240	\$ 294,192	\$ 294,192	\$ -
Bristol	695,172	697,446	697,446	-
Burrillville	763,769	989,970	769,016	(220,954)
Central Falls	371,587	467,121	371,025	(96,096)
Charlestown	40,332	41,218	41,218	-
Coventry	221,760	225,597	225,597	-
Cranston	5,169,525	5,191,475	5,191,475	-
Cumberland	213,801	216,622	216,622	-
East Greenwich	130,306	131,077	131,077	-
East Providence	1,295,314	1,650,388	1,293,740	(356,648)
Exeter	78,760	82,437	82,437	-
Foster	68,426	69,750	69,750	-
Glocester	93,327	94,919	94,919	-
Hopkinton	64,211	65,621	65,621	-
Jamestown	36,592	36,685	36,685	-
Johnston	388,129	382,377	382,377	-
Lincoln	231,852	236,662	236,662	-
Little Compton	25,292	23,548	23,548	-
Middletown	89,716	89,262	89,262	-
Narragansett	97,870	95,791	95,791	-
Newport	973,174	971,841	971,841	-
New Shoreham	7,639	8,132	8,132	-
North Kingstown	229,199	234,003	234,003	-
North Providence	1,324,652	1,317,007	1,317,007	-
North Smithfield	169,671	173,847	173,847	-
Pawtucket	2,566,975	3,364,174	2,559,462	(804,712)
Portsmouth	106,594	109,483	109,483	-
Providence	25,920,050	28,670,683	25,827,727	(2,842,956)
Richmond	58,139	60,200	60,200	-
Scituate	123,750	127,207	127,207	-
Smithfield	707,938	711,000	711,000	-
South Kingstown	293,327	296,393	296,393	-
Tiverton	108,006	108,700	108,700	-
Warren	82,216	82,773	82,773	-
Warwick	2,030,455	2,114,127	2,114,127	-
Westerly	339,542	340,736	340,736	-
West Greenwich	49,116	49,532	49,532	-
West Warwick	1,152,861	1,618,602	1,149,433	(469,169)
Woonsocket	1,318,582	1,716,499	1,314,806	(401,693)
Total	\$ 47,964,867	\$ 53,157,095	\$ 47,964,867	\$ (5,192,228)

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 327,240	\$ 290,438	\$ 299,458	\$ 9,020
Bristol	695,172	713,610	832,543	118,933
Burrillville	763,769	554,681	573,846	19,165
Central Falls	371,587	397,762	401,735	3,973
Charlestown	40,332	41,218	41,218	-
Coventry	221,760	225,597	225,597	-
Cranston	5,169,525	4,959,452	5,758,680	799,228
Cumberland	213,801	216,616	216,637	21
East Greenwich	130,306	130,752	132,203	1,451
East Providence	1,295,314	1,330,451	1,355,956	25,505
Exeter	78,760	82,437	82,437	-
Foster	68,426	69,729	69,808	79
Glocester	93,327	94,919	94,919	-
Hopkinton	64,211	65,621	65,621	-
Jamestown	36,592	36,685	36,685	-
Johnston	388,129	382,377	382,377	-
Lincoln	231,852	236,662	236,662	-
Little Compton	25,292	23,548	23,548	-
Middletown	89,716	89,262	89,262	-
Narragansett	97,870	95,791	95,791	-
Newport	973,174	916,474	1,071,593	155,119
New Shoreham	7,639	8,132	8,132	-
North Kingstown	229,199	229,852	230,181	329
North Providence	1,324,652	1,395,562	1,479,595	84,033
North Smithfield	169,671	173,847	173,847	-
Pawtucket	2,566,975	2,561,954	2,634,322	72,368
Portsmouth	106,594	109,483	109,483	-
Providence	25,920,050	26,029,369	29,871,643	3,842,274
Richmond	58,139	60,200	60,200	-
Scituate	123,750	127,207	127,207	-
Smithfield	707,938	726,516	815,173	88,657
South Kingstown	293,327	306,088	332,795	26,707
Tiverton	108,006	108,700	108,700	-
Warren	82,216	82,773	82,773	-
Warwick	2,030,455	2,191,425	2,397,800	206,375
Westerly	339,542	338,015	359,417	21,401
West Greenwich	49,116	49,532	49,532	-
West Warwick	1,152,861	1,124,125	1,124,125	-
Woonsocket	1,318,582	1,388,007	1,413,369	25,362
Total	\$ 47,964,867	\$ 47,964,867	\$ 53,464,867	\$ 5,500,000

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Final</i>	<i>Change to Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	487,620	708,688	487,734	(220,954)
Central Falls	267,573	363,633	267,537	(96,096)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	757,605	1,114,116	757,468	(356,648)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	510,516	510,516	510,516	-
North Smithfield	-	-	-	-
Pawtucket	1,517,555	2,321,986	1,517,274	(804,712)
Portsmouth	-	-	-	-
Providence	5,111,263	7,954,890	5,111,934	(2,842,956)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	925,685	1,394,669	925,500	(469,169)
Woonsocket	806,641	1,208,188	806,495	(401,693)
Total	\$ 10,384,458	\$ 15,576,686	\$ 10,384,458	\$ (5,192,228)

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	487,620	243,867	243,867	-
Central Falls	267,573	293,509	293,509	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	757,605	757,468	757,468	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	510,516	624,043	624,043	-
North Smithfield	-	-	-	-
Pawtucket	1,517,555	1,534,272	1,534,272	-
Portsmouth	-	-	-	-
Providence	5,111,263	5,143,906	5,143,906	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	925,685	900,192	900,192	-
Woonsocket	806,641	887,201	887,201	-
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Final</i>	<i>Change to Governor</i>
Barrington	\$ 85,188	\$ 48,984	\$ 48,984	\$ -
Bristol	579,478	580,241	580,241	-
Burrillville	66,485	66,573	66,573	-
Central Falls	19,133	19,158	19,158	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,234,275	4,239,850	4,239,850	-
Cumberland	109	109	109	-
East Greenwich	7,589	7,599	7,599	-
East Providence	91,068	91,188	91,188	-
Exeter	-	-	-	-
Foster	417	417	417	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	832,133	833,229	833,229	-
New Shoreham	-	-	-	-
North Kingstown	5,795	5,803	5,803	-
North Providence	455,764	456,364	456,364	-
North Smithfield	-	-	-	-
Pawtucket	376,910	377,406	377,406	-
Portsmouth	-	-	-	-
Providence	19,072,758	19,097,871	19,097,871	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	428,500	429,064	429,064	-
South Kingstown	124,067	124,230	124,230	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	956,335	957,595	957,595	-
Westerly	109,895	110,040	110,040	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	134,510	134,688	134,688	-
Total	\$ 27,580,409	\$ 27,580,409	\$ 27,580,409	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 85,188	\$ 45,230	\$ 54,250	\$ 9,020
Bristol	579,478	596,405	715,338	118,933
Burrillville	66,485	96,105	115,270	19,165
Central Falls	19,133	19,923	23,896	3,973
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,234,275	4,007,827	4,807,055	799,228
Cumberland	109	103	124	21
East Greenwich	7,589	7,274	8,725	1,451
East Providence	91,068	127,899	153,404	25,505
Exeter	-	-	-	-
Foster	417	396	475	79
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	832,133	777,862	932,981	155,119
New Shoreham	-	-	-	-
North Kingstown	5,795	1,652	1,981	329
North Providence	455,764	421,392	505,425	84,033
North Smithfield	-	-	-	-
Pawtucket	376,910	362,900	435,268	72,368
Portsmouth	-	-	-	-
Providence	19,072,758	19,267,541	23,109,815	3,842,274
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	428,500	444,580	533,237	88,657
South Kingstown	124,067	133,925	160,632	26,707
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	956,335	1,034,893	1,241,268	206,375
Westerly	109,895	107,319	128,720	21,401
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	134,510	127,183	152,545	25,362
Total	\$ 27,580,409	\$ 27,580,409	\$ 33,080,409	\$ 5,500,000

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Final</i>	<i>Change to Governor</i>
Barrington	\$ 242,052	\$ 245,208	\$ 245,208	\$ -
Bristol	115,694	117,205	117,205	-
Burrillville	209,664	214,709	214,709	-
Central Falls	84,881	84,330	84,330	-
Charlestown	40,332	41,218	41,218	-
Coventry	221,760	225,597	225,597	-
Cranston	935,250	951,625	951,625	-
Cumberland	213,692	216,513	216,513	-
East Greenwich	122,717	123,478	123,478	-
East Providence	446,641	445,084	445,084	-
Exeter	78,760	82,437	82,437	-
Foster	68,009	69,333	69,333	-
Glocester	93,327	94,919	94,919	-
Hopkinton	64,211	65,621	65,621	-
Jamestown	36,592	36,685	36,685	-
Johnston	388,129	382,377	382,377	-
Lincoln	231,852	236,662	236,662	-
Little Compton	25,292	23,548	23,548	-
Middletown	89,716	89,262	89,262	-
Narragansett	97,870	95,791	95,791	-
Newport	141,041	138,612	138,612	-
New Shoreham	7,639	8,132	8,132	-
North Kingstown	223,404	228,200	228,200	-
North Providence	358,372	350,127	350,127	-
North Smithfield	169,671	173,847	173,847	-
Pawtucket	672,510	664,782	664,782	-
Portsmouth	106,594	109,483	109,483	-
Providence	1,736,029	1,617,922	1,617,922	-
Richmond	58,139	60,200	60,200	-
Scituate	123,750	127,207	127,207	-
Smithfield	279,438	281,936	281,936	-
South Kingstown	169,260	172,163	172,163	-
Tiverton	108,006	108,700	108,700	-
Warren	82,216	82,773	82,773	-
Warwick	1,074,120	1,156,532	1,156,532	-
Westerly	229,647	230,696	230,696	-
West Greenwich	49,116	49,532	49,532	-
West Warwick	227,176	223,933	223,933	-
Woonsocket	377,431	373,623	373,623	-
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 242,052	\$ 245,208	\$ 245,208	\$ -
Bristol	115,694	117,205	117,205	-
Burrillville	209,664	214,709	214,709	-
Central Falls	84,881	84,330	84,330	-
Charlestown	40,332	41,218	41,218	-
Coventry	221,760	225,597	225,597	-
Cranston	935,250	951,625	951,625	-
Cumberland	213,692	216,513	216,513	-
East Greenwich	122,717	123,478	123,478	-
East Providence	446,641	445,084	445,084	-
Exeter	78,760	82,437	82,437	-
Foster	68,009	69,333	69,333	-
Glocester	93,327	94,919	94,919	-
Hopkinton	64,211	65,621	65,621	-
Jamestown	36,592	36,685	36,685	-
Johnston	388,129	382,377	382,377	-
Lincoln	231,852	236,662	236,662	-
Little Compton	25,292	23,548	23,548	-
Middletown	89,716	89,262	89,262	-
Narragansett	97,870	95,791	95,791	-
Newport	141,041	138,612	138,612	-
New Shoreham	7,639	8,132	8,132	-
North Kingstown	223,404	228,200	228,200	-
North Providence	358,372	350,127	350,127	-
North Smithfield	169,671	173,847	173,847	-
Pawtucket	672,510	664,782	664,782	-
Portsmouth	106,594	109,483	109,483	-
Providence	1,736,029	1,617,922	1,617,922	-
Richmond	58,139	60,200	60,200	-
Scituate	123,750	127,207	127,207	-
Smithfield	279,438	281,936	281,936	-
South Kingstown	169,260	172,163	172,163	-
Tiverton	108,006	108,700	108,700	-
Warren	82,216	82,773	82,773	-
Warwick	1,074,120	1,156,532	1,156,532	-
Westerly	229,647	230,696	230,696	-
West Greenwich	49,116	49,532	49,532	-
West Warwick	227,176	223,933	223,933	-
Woonsocket	377,431	373,623	373,623	-
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

Library Aid

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Final</i>	<i>Change to Governor</i>
Barrington	\$ 323,140	\$ 323,140	\$ 323,140	\$ -
Bristol	106,449	106,449	106,449	-
Burrillville	124,196	124,196	124,196	-
Central Falls	76,712	76,712	76,712	-
Charlestown	46,444	46,444	46,444	-
Coventry	198,364	198,364	198,364	-
Cranston	564,855	564,855	564,855	-
Cumberland	242,455	242,455	242,455	-
East Greenwich	107,800	107,800	107,800	-
East Providence	454,240	454,240	454,240	-
Exeter	32,685	32,685	32,685	-
Foster	34,283	34,283	34,283	-
Glocester	68,546	68,546	68,546	-
Hopkinton	28,903	28,903	28,903	-
Jamestown	76,368	76,368	76,368	-
Johnston	96,481	96,481	96,481	-
Lincoln	179,391	179,391	179,391	-
Little Compton	26,702	26,702	26,702	-
Middletown	123,398	123,398	123,398	-
Narragansett	113,169	113,169	113,169	-
Newport	364,548	364,548	364,548	-
New Shoreham	94,072	94,072	94,072	-
North Kingstown	246,625	246,625	246,625	-
North Providence	154,613	154,613	154,613	-
North Smithfield	61,584	61,584	61,584	-
Pawtucket	398,156	398,156	398,156	-
Portsmouth	99,917	99,917	99,917	-
Providence*	2,276,903	2,276,903	2,276,903	-
Richmond	21,874	21,874	21,874	-
Scituate	92,532	92,532	92,532	-
Smithfield	254,642	254,642	254,642	-
South Kingstown	205,999	205,999	205,999	-
Tiverton	90,485	90,485	90,485	-
Warren	51,162	51,162	51,162	-
Warwick	657,409	657,409	657,409	-
Westerly	287,122	287,122	287,122	-
West Greenwich	24,649	24,649	24,649	-
West Warwick	171,415	171,415	171,415	-
Woonsocket	195,110	195,110	195,110	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

**Recommended distribution reflects last year's data; updated data changes enacted distribution.

Library Aid

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended**</i>	<i>FY 2012 Enacted**</i>	<i>Change to Governor</i>
Barrington	\$ 323,140	\$ 323,140	\$ 332,622	\$ 9,482
Bristol	106,449	106,449	119,255	12,806
Burrillville	124,196	124,196	124,048	(148)
Central Falls	76,712	76,712	62,301	(14,411)
Charlestown	46,444	46,444	47,345	900
Coventry	198,364	198,364	203,149	4,785
Cranston	564,855	564,855	530,519	(34,337)
Cumberland	242,455	242,455	266,209	23,754
East Greenwich	107,800	107,800	111,399	3,599
East Providence	454,240	454,240	395,804	(58,436)
Exeter	32,685	32,685	40,392	7,708
Foster	34,283	34,283	31,425	(2,857)
Glocester	68,546	68,546	70,178	1,632
Hopkinton	28,903	28,903	29,512	609
Jamestown	76,368	76,368	77,618	1,250
Johnston	96,481	96,481	110,371	13,890
Lincoln	179,391	179,391	186,608	7,217
Little Compton	26,702	26,702	28,295	1,592
Middletown	123,398	123,398	126,526	3,129
Narragansett	113,169	113,169	123,812	10,643
Newport	364,548	364,548	377,002	12,454
New Shoreham	94,072	94,072	73,576	(20,496)
North Kingstown	246,625	246,625	257,813	11,188
North Providence	154,613	154,613	163,008	8,395
North Smithfield	61,584	61,584	63,053	1,468
Pawtucket	398,156	398,156	365,315	(32,841)
Portsmouth	99,917	99,917	102,565	2,648
Providence*	2,276,903	2,276,903	2,337,393	60,490
Richmond	21,874	21,874	22,762	887
Scituate	92,532	92,532	94,735	2,203
Smithfield	254,642	254,642	267,131	12,489
South Kingstown	205,999	205,999	203,044	(2,956)
Tiverton	90,485	90,485	76,399	(14,087)
Warren	51,162	51,162	52,283	1,120
Warwick	657,409	657,409	638,711	(18,698)
Westerly	287,122	287,122	269,310	(17,812)
West Greenwich	24,649	24,649	26,493	1,844
West Warwick	171,415	171,415	173,748	2,333
Woonsocket	195,110	195,110	191,671	(3,439)
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

**Recommended distribution reflects last year's data; updated data changes enacted distribution.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2011 Revised</i>	<i>FY 2011 Final</i>	<i>Change to Governor</i>
Barrington	\$ 163,557	\$ 182,103	\$ 183,789	\$ 1,686
Bristol	218,500	243,277	250,908	7,631
Burrillville	153,609	171,027	186,455	15,428
Central Falls	184,066	204,938	210,526	5,588
Charlestown	76,425	85,091	90,899	5,808
Coventry	327,405	364,531	392,965	28,434
Cranston	770,853	858,263	901,294	43,031
Cumberland	309,629	344,739	386,610	41,871
East Greenwich	125,913	140,191	150,021	9,830
East Providence	473,467	527,156	546,338	19,182
Exeter	58,785	65,451	70,967	5,516
Foster	41,563	46,276	51,057	4,781
Glocester	96,740	107,709	118,694	10,985
Hopkinton	76,201	84,842	90,134	5,292
Jamestown	54,671	60,871	61,563	692
Johnston	274,183	305,274	321,852	16,578
Lincoln	203,223	226,267	248,017	21,750
Little Compton	34,940	38,902	39,662	760
Middletown	168,565	187,679	180,392	(7,287)
Narragansett	159,103	177,144	185,510	8,366
Newport	257,457	286,651	263,968	(22,683)
New Shoreham	9,822	10,935	11,642	707
North Kingstown	256,008	285,038	299,817	14,779
North Providence	315,181	350,921	368,297	17,376
North Smithfield	103,255	114,963	129,864	14,901
Pawtucket	709,481	789,933	809,361	19,428
Portsmouth	166,766	185,676	190,009	4,333
Providence	1,688,352	1,879,801	1,933,712	53,911
Richmond	70,230	78,194	86,006	7,812
Scituate	100,396	111,780	122,080	10,300
Smithfield	200,452	223,182	238,524	15,342
South Kingstown	271,518	302,307	328,399	26,092
Tiverton	148,396	165,223	167,658	2,435
Warren	110,471	122,997	122,575	(422)
Warwick	834,442	929,063	953,420	24,357
Westerly	223,333	248,658	264,339	15,681
West Greenwich	49,449	55,056	71,900	16,844
West Warwick	287,661	320,280	329,895	9,615
Woonsocket	420,333	467,996	487,868	19,872
Total	\$ 10,194,401	\$ 11,350,385	\$ 11,846,987	\$ 496,602

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2011 Enacted</i>	<i>FY 2012 Recommended</i>	<i>FY 2012 Enacted</i>	<i>Change to Governor</i>
Barrington	\$ 163,557	\$ 182,103	\$ 183,789	\$ 1,686
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Total	\$ 10,194,401	\$ 11,350,385	\$ 11,846,987	\$ 496,602

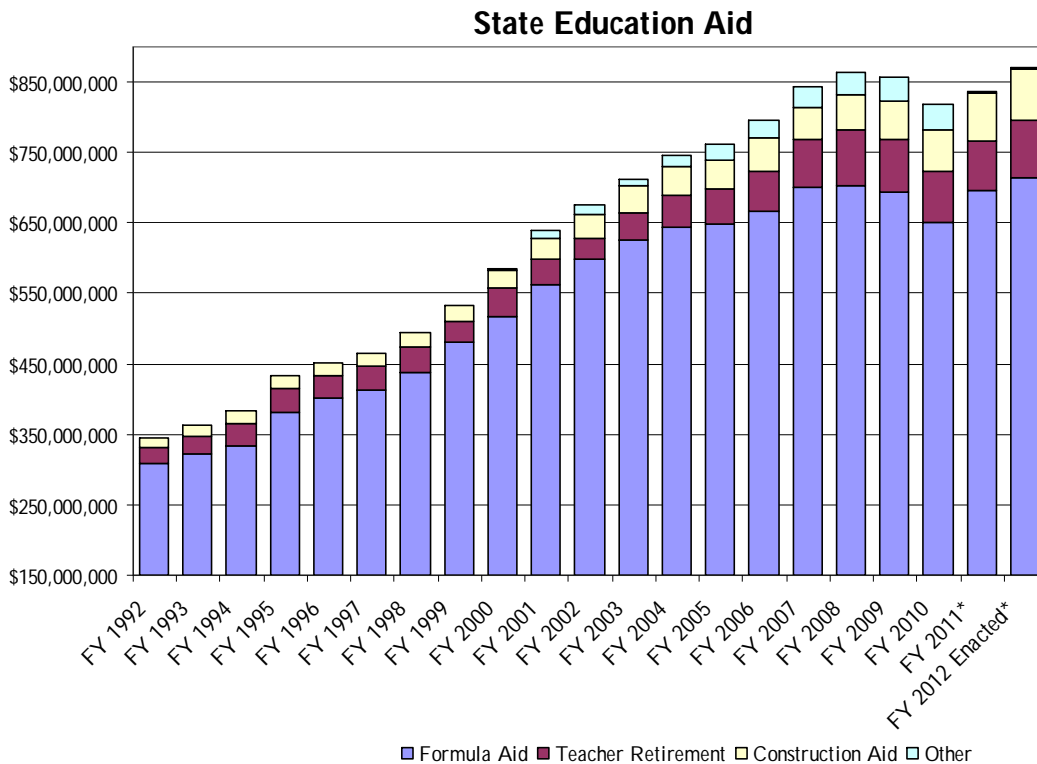
Education Aid

Summary

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

The funding plan also allows for additional support 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. Group home aid is paid pursuant to current law, in addition to aid paid through the new funding formula.

There is a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula will be phased in over a ten-year period.



*Davies begins appearing with education aid

The 2010 legislation also includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for construction projects completed after June 30, 2010. The previous minimum had been 30.0 percent. The 2011 Assembly imposed a three-year moratorium on the approval of new school housing aid projects with exception for projects necessitated by health and safety reasons effective July 1, 2011. It also requires that the Department of Elementary and Secondary Education to develop recommendations for cost containment strategies in the school housing aid program.

The Assembly enacted \$839.7 million from general revenues for FY 2012 total aid for local school districts. It concurred with the Governor's recommendation to fully fund the first year of the funding formula. It added \$0.6 million to the Governor's recommendation based on updated data; the Governor's budget used June 30, 2010 student enrollment data. Including federal education jobs funds distributed to districts for use in FY 2011 and FY 2012, the budget totals \$871.6 million, which is \$23.1 million more than enacted. Funding for FY 2012 includes \$715.0 million in direct distributions to local school districts, \$1.9 million in categorical funding, \$0.5 million for other formula aid for distribution by the Department of Elementary and Secondary Education for specific programming, \$81.6 million for the state's contribution to teacher retirement, and \$72.5 million for school construction costs.

Education Aid by Component

The following table compares the FY 2012 enacted funding for the major components of education aid to the FY 2011 enacted. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2011 Enacted	FY 2012 Enacted	Education Jobs Fund Offset	Total FY 2012 Enacted	Total Change to Enacted
Operating Aid					
Local Districts	\$ 580,823,345	\$ 568,244,592	\$ 27,540,076	\$ 595,784,668	\$ 14,961,323
Central Falls	42,865,645	39,161,820	1,969,619	41,131,439	(1,734,206)
Met School	13,025,640	11,642,563	593,721	12,236,284	(789,356)
Davies Career & Technical*	14,859,739	13,416,256	673,955	14,090,211	(769,528)
Charter Schools	37,770,667	41,995,117	1,209,467	43,204,584	5,433,917
Group Homes Funding	8,856,000	8,601,000	-	8,601,000	(255,000)
Subtotal	\$ 698,201,036	\$ 683,061,348	\$ 31,986,838	\$ 715,048,186	\$ 16,847,150
Categorical Funding					
High Cost Special Education	\$ -	\$ -	\$ -	\$ -	\$ -
High Cost Career and Technical	-	-	-	-	-
Early Childhood	700,000	-	-	-	(700,000)
Transportation	-	1,087,840	-	1,087,840	1,087,840
Regionalization Bonus	-	851,241	-	851,241	851,241
Subtotal	\$ 700,000	\$ 1,939,081	\$ -	\$ 1,939,081	\$ 1,239,081
Set-Aside Funds					
Progressive Support & Intervention	\$ 2,687,559	\$ -	\$ -	\$ -	\$ (2,687,559)
Textbook Loans	240,000	240,000	-	240,000	-
School Breakfast	300,000	270,000	-	270,000	(30,000)
Subtotal	\$ 3,227,559	\$ 510,000	\$ -	\$ 510,000	\$ (2,717,559)
Total	\$ 702,128,595	\$ 685,510,429	\$ 31,986,838	\$ 717,497,267	\$ 15,368,672
Other Aid					
Teacher Retirement	\$ 75,598,212	\$ 81,635,719	\$ -	\$ 81,635,719	\$ 6,037,507
Construction Aid	70,774,727	72,507,180	-	72,507,180	1,732,453
Statewide Total	\$ 848,501,534	\$ 839,653,328	\$ 31,986,838	\$ 871,640,166	\$ 23,138,632

*Not previously displayed with education aid; enacted represents general revenues and stabilization funds to be consistent with all other districts

The funding formula calculation for FY 2012 uses March 14, 2011 student enrollment data adjusted for charter school lottery selections, a per pupil core instruction amount of \$8,333 and census data released in December 2010. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Districts will be billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The budget includes \$595.8 million for formula aid to locally operated school districts. This is \$15.0 million or 2.6 percent more than enacted. This reflects the first year of the funding formula and \$27.5 million from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues.

Central Falls Operations. The budget includes \$41.1 million for formula aid for the Central Falls School District. This is \$1.7 million or 4.0 percent less than FY 2011 enacted aid and includes use of \$2.0 million from federal education jobs funds that Central Falls will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Central Falls had been fully state supported. Beginning with FY 2012, Central Falls will be funded pursuant to the new funding formula.

The new legislation requires the city to contribute to its education budget. It includes a transition fund to stabilize the Central Falls School District until the city can begin paying its local share. Because the transition funds are paid upon verification that the city has paid its share of the local contribution and the budget assumes that Central Falls will be unable to contribute any funds towards education for FY 2012, it does not include any funds for the state's transition payment nor does it assume a local contribution will be made.

The Central Falls School District ended FY 2010 with a \$2.0 million balance. The Assembly reduced the FY 2011 appropriation to the school district by this amount.

Metropolitan Career and Technical School. The budget includes \$12.2 million for formula aid for the Metropolitan Career and Technical School. This is \$0.8 million or 6.1 percent less than the FY 2011 enacted level and includes use of \$0.6 million from federal education jobs funds that the Met School will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Prior to FY 2012, the Met School was fully state supported. Beginning in FY 2012, the Met School will be funded pursuant to the new education funding formula. It will be funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School. The estimated local contribution is \$4.6 million once the formula is fully phased in. Tables at the end of this report include estimated enrollment by sending district for FY 2012.

Davies Career and Technical School. The budget includes \$14.1 million for formula aid to support the Davies Career and Technical School. This is \$0.8 million or 5.2 percent less than the FY 2011 enacted level and includes use of \$0.7 million from federal education jobs funds that Davies will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Prior to FY 2012, Davies was fully state supported. Beginning in FY 2012, Davies will be funded pursuant to the new education funding formula. It will be funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School.

The local share for FY 2012 is estimated at \$0.7 million and is shown in the school's budget as restricted receipt expenditures. Davies' operating budget will continue to be submitted as part of the Department's budget and Davies' employees are still state employees. Tables at the end of this report include estimated enrollment by sending district for FY 2012.

Charter Schools. The budget includes \$43.2 million for formula aid to charter schools. This is \$5.4 million or 14.4 percent more than the FY 2011 enacted level and includes funding for one new charter

school to open for the 2011-2012 school year. The FY 2011 revised budget includes an additional \$0.3 million in aid based on October 1, 2010 enrollment data. The FY 2012 budget also includes use of \$1.2 million from federal education jobs funds that charter schools will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Beginning in FY 2012, charter schools will be funded pursuant to the new education funding formula. Charter schools will be funded like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district which must pay that to the school.

Charter schools are public schools authorized by the state through the Board of Regents to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters shall be reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. There are currently 15 charter schools in Rhode Island. The budget assumes one new school will open. The Nurses Institute currently has preliminary approval from the Regents. The Regents are scheduled to make their final decision at the July board meeting.

Tables at the end of this report include estimated enrollment by sending district for FY 2012.

Group Homes. Consistent with current law, the budget adjusts group home aid to reflect actual beds, and includes \$8.6 million, which is \$285,000 less than the final FY 2011 allocation and \$255,000 less than the enacted budget. The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2011 would not be reflected until FY 2012 unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

Prior to FY 2002, an official community of residence, which is generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility. These disputes often resulted in legal fees for all parties involved, and districts hosting group homes were largely unsuccessful in seeking reimbursements.

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out of district group homes. In FY 2012, the 18 communities hosting group homes, which have a total of 565 beds, will receive \$15,000 per bed, with the exception of the CRAFT beds. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased. The FY 2011 revised budget includes \$8.9 million which is \$30,000 more than enacted for two new beds, one each in Portsmouth and Providence.

Categorical Funding

The education funding formula allows for additional funding from the state to districts for high-cost special education students, high-cost career and technical programs, early childhood education

programs, transportation costs and a limited two-year bonus for regionalized districts. For each categorical fund, the Department of Elementary and Secondary Education will prorate the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year.

High Cost Special Education. The new funding formula allows for additional funding from the state for high-cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The budget does not include funding for high cost special education for FY 2012.

High Cost Career and Technical Programs. The new funding formula allows for additional funding from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The budget does not include funding for high cost career and technical programs for FY 2012.

Early Childhood Education. The new funding formula allows for additional funding from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Department of Elementary and Secondary Education will recommend the criteria for the purpose of allocating funding provided by the Assembly. The FY 2011 enacted budget included \$700,000 for early childhood education programs. These funds were distributed through a request for proposal process and went directly to the childcare programs. The Assembly did not include funding for early childhood education programs for FY 2012. The Governor had recommended the enacted level of \$0.7 million for FY 2012.

Transportation. The new funding formula allows for additional funding from the state to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system and will share in the costs associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures. The budget includes \$1.1 million for FY 2012 consistent with the Governor's recommendation.

Limited Regionalization Bonus. The state will provide a limited two-year bonus for regionalized districts. The bonus in the first year shall be 2.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. The second year bonus shall be 1.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. This bonus applies to districts that are currently regionalized as well as any districts that regionalize in the future. The budget includes \$0.9 million consistent with current law requirements and the Governor's recommendation.

Set-Aside Funds

Progressive Support and Intervention. The FY 2011 enacted budget included \$2.7 million for support of reform efforts in selected school districts including funding for experts to work on the transformation process contained in the Regents' new strategic plan. It appears that this work is also part of the Department's Race to the Top planned activities. The Assembly eliminated the general revenue support for these activities based on availability of federal Race to the Top funds.

Textbook Loan Program. The budget includes the enacted level of \$240,000 for the textbook loan program. The Governor had recommended eliminating the requirement that the state reimburse certain costs allowed under the textbook loan program. The Assembly did not concur. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. FY 2011 expenditures were \$241,490.

School Breakfast. The budget includes \$270,000 to reimburse administrative costs associated with the state's school breakfast program. This is \$30,000 or 10.0 percent less than the enacted level of \$300,000. State law mandates that all public schools provide a breakfast program and provides that costs, other than transportation, associated with this program in excess of available federal money that funds the meals, shall be borne exclusively by the state. Absent an appropriation, administrative costs would shift to the districts.

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

Other Aid

Teacher Retirement. The budget includes \$81.6 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$12.0 million or 17.2 percent to the FY 2011 revised budget. Teachers contribute 9.5 percent of their salaries and that rate is set in the General Laws. Employers contribute the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share.

School Housing (Construction) Aid. The budget includes \$72.5 million for construction aid to local districts. This is \$4.5 million more than the FY 2011 entitlement. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2012. The new funding formula legislation also includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2010. The previous minimum had been 30.0 percent.

Between FY 1998 and FY 2004, the cost of the school housing aid program doubled from \$19.7 million to \$40.7 million. It grew to \$70.0 million for FY 2011. The 2011 Assembly imposed a three-year moratorium on the approval of new school housing aid projects with exception for projects necessitated by health and safety reasons effective July 1, 2011. It also required the Department of Elementary and Secondary Education to develop recommendations for cost containment strategies in the school housing aid program. There is no impact on the FY 2012 budget but the out-year estimate for FY 2013 includes savings of \$7.7 million growing to \$24.6 million by FY 2016.

Calculation and Distribution Tables

The eleven tables on the following pages include the calculation and distribution of FY 2012 education aid to districts, charter and state schools. Tables 1A and 1B show the total funding and Tables 2 through 9 illustrate different components of the funding formula. Table 10 has education aid to districts for FY 2007 through FY 2011 for comparison purposes.

Table 1A: Total Education Aid for Districts for FY 2012

Table 1B: Total Education Aid for Charter and State Schools for FY 2012

Table 2: Calculation of New Funding Formula for FY 2012

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

Table 7: Transition Plan for Charter and State Schools

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

Table 9: Categorical Aid

Table 10: Education Aid for FY 2007 - FY 2011

Tables 1A: Total Education Aid for Districts for FY 2012

A. Column **A** is the amount that districts will receive in the first year of the new formula's implementation pursuant to the ten-year phase in of the formula. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.

B. Column **B** is the amount of group home aid districts will receive in FY 2012. Group home aid will be paid pursuant to current law in addition to aid paid through the funding formula.

C. The formula allows for additional funding from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Column **C** shows the distribution of funds from the transportation and the regionalization bonus.

D. The Budget uses federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Column **D** shows the amount of the general revenue reduction.

E. Column **E** includes the FY 2012 general revenue distribution. This is the total funding minus the jobs fund allocation.

F. Column **F** shows the amount from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012. The Budget assumes that districts will carry forward their FY 2011 allocation for use in FY 2012.

G. Column **G** shows the total FY 2012 aid from general revenues and federal education jobs funds.

H. Column **H** is the FY 2011 enacted aid from all sources including group home aid.

I. Column **I** is the difference between FY 2012 aid from all sources of funds shown in Column **G** and the FY 2011 enacted budget in Column **H**.

J. Column **J** is the Governor's FY 2012 recommended budget. It was based on June 30, 2010 student enrollment data. The Department of Elementary and Secondary Education provided March 14, 2011 enrollment data at the beginning of April.

K. Column **K** is the difference between FY 2012 enacted aid from all sources of funds shown in Column **G** and the Governor's FY 2012 recommendation shown in Column **J**.

Table 1A: Total Education Aid for Districts for FY 2012

<i>District</i>	<i>A</i> <i>FY 2012</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>All Categoricals</i> <i>(Table 9)</i>	<i>D</i> <i>Education</i> <i>Jobs Fund</i>
Barrington	\$ 2,362,934	\$ -	\$ 11,920	\$ (80,453)
Burrillville	12,585,056	420,000	3,716	(598,764)
Charlestown	1,670,987	-	33,462	-
Coventry	18,550,838	120,000	-	(829,477)
Cranston	34,041,838	-	106,220	(1,530,264)
Cumberland	12,644,415	-	18,664	(542,840)
East Greenwich	1,502,848	-	4,350	(60,142)
East Providence	24,736,571	636,000	3,037	(1,124,364)
Foster	1,241,245	-	1,069	(59,261)
Glocester	2,860,166	-	2,667	(135,039)
Hopkinton	5,613,789	-	112,406	-
Jamestown	369,267	-	-	(17,559)
Johnston	9,937,661	120,000	74,255	(440,076)
Lincoln	6,864,255	135,000	301	(288,938)
Little Compton	313,858	-	-	(13,144)
Middletown	8,927,808	480,000	-	(438,250)
Narragansett	1,488,608	-	-	(64,722)
Newport	10,221,213	480,000	-	(495,479)
New Shoreham	61,851	-	-	(2,501)
North Kingstown	10,674,839	-	-	(486,804)
North Providence	12,460,586	255,000	35,970	(554,729)
North Smithfield	4,500,714	120,000	10,011	(198,918)
Pawtucket	63,745,780	855,000	-	(2,878,291)
Portsmouth	5,072,149	690,000	-	(273,250)
Providence	183,074,948	2,730,000	-	(8,683,552)
Richmond	5,537,977	-	110,889	-
Scituate	3,150,369	-	5,573	(133,191)
Smithfield	4,718,805	240,000	8,115	(223,988)
South Kingstown	8,441,331	375,000	16,139	(420,852)
Tiverton	5,329,648	-	-	(241,531)
Warwick	33,436,513	360,000	65	(1,533,605)
Westerly	5,982,372	-	-	(261,313)
West Warwick	19,131,939	-	11,765	(864,504)
Woonsocket	44,843,051	165,000	4,472	(2,034,796)
Bristol-Warren	17,880,233	210,000	534,814	(866,462)
Chariho	344,882	-	297,200	(616,626)
Exeter-West Greenwich	6,306,153	210,000	302,195	(307,172)
Foster-Glocester	5,157,169	-	215,809	(239,219)
Central Falls	41,131,440	-	13,997	(1,969,619)
Total	\$ 636,916,106	\$ 8,601,000	\$ 1,939,081	\$ (29,509,695)
<i>Adjusted Chariho</i>	13,167,634	-	553,957	(616,626)

Table 1A: Total Education Aid for Districts for FY 2012

<i>District</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>
	<i>Recommended General Revenues</i>	<i>Education Jobs Fund Offset</i>	<i>Total FY 2012 Enacted</i>	<i>FY 2011 Enacted</i>
Barrington	\$ 2,294,401	\$ 80,453	\$ 2,374,854	\$ 1,777,692
Burrillville	12,410,008	598,764	13,008,772	13,049,312
Charlestown	1,704,449	-	1,704,449	1,708,264
Coventry	17,841,361	829,477	18,670,838	18,106,570
Cranston	32,617,794	1,530,264	34,148,058	31,729,746
Cumberland	12,120,239	542,840	12,663,079	11,853,639
East Greenwich	1,447,056	60,142	1,507,198	1,327,711
East Providence	24,251,244	1,124,364	25,375,608	24,531,957
Foster	1,183,053	59,261	1,242,314	1,293,021
Glocester	2,727,794	135,039	2,862,833	2,946,000
Hopkinton	5,726,195	-	5,726,195	5,695,888
Jamestown	351,708	17,559	369,267	386,846
Johnston	9,691,840	440,076	10,131,916	9,609,655
Lincoln	6,710,618	288,938	6,999,556	6,320,677
Little Compton	300,714	13,144	313,858	288,570
Middletown	8,969,558	438,250	9,407,808	9,562,746
Narragansett	1,423,886	64,722	1,488,608	1,423,684
Newport	10,205,734	495,479	10,701,213	10,812,053
New Shoreham	59,350	2,501	61,851	56,081
North Kingstown	10,188,035	486,804	10,674,839	10,633,129
North Providence	12,196,827	554,729	12,751,556	12,107,544
North Smithfield	4,431,807	198,918	4,630,725	4,342,683
Pawtucket	61,722,489	2,878,291	64,600,780	62,743,324
Portsmouth	5,488,899	273,250	5,762,149	5,968,097
Providence	177,121,396	8,683,552	185,804,948	179,813,040
Richmond	5,648,866	-	5,648,866	5,669,397
Scituate	3,022,751	133,191	3,155,942	2,913,522
Smithfield	4,742,932	223,988	4,966,920	4,899,277
South Kingstown	8,411,618	420,852	8,832,470	9,198,692
Tiverton	5,088,117	241,531	5,329,648	5,275,223
Warwick	32,262,973	1,533,605	33,796,578	33,493,714
Westerly	5,721,059	261,313	5,982,372	5,721,304
West Warwick	18,279,200	864,504	19,143,704	18,855,252
Woonsocket	42,977,727	2,034,796	45,012,523	44,356,033
Bristol-Warren	17,758,585	866,462	18,625,047	18,896,443
Chariho	25,456	616,626	642,082	383,667
Exeter-West Greenwich	6,511,176	307,172	6,818,348	6,708,949
Foster-Glocester	5,133,759	239,219	5,372,978	5,219,945
Central Falls	39,175,818	1,969,619	41,145,437	42,865,644
Total	\$ 617,946,492	\$ 29,509,695	\$ 647,456,187	\$ 632,544,990
<i>Adjusted Chariho</i>	13,104,965	616,626	13,721,591	13,457,216

Table 1A: Total Education Aid for Districts for FY 2012

<i>District</i>	<i>I</i> <i>Total FY 2012</i> <i>Change to</i> <i>Enacted</i>	<i>J</i> <i>FY 2012</i> <i>Governor</i>	<i>K</i> <i>FY 2012 Total</i> <i>Change to Gov.</i>
Barrington	\$ 597,162	\$ 2,358,427	\$ 16,427
Burrillville	(40,540)	13,009,609	(838)
Charlestown	(3,816)	1,696,758	7,690
Coventry	564,268	18,690,799	(19,961)
Cranston	2,418,312	34,056,094	91,964
Cumberland	809,440	12,701,212	(38,133)
East Greenwich	179,487	1,504,606	2,593
East Providence	843,651	25,475,858	(100,249)
Foster	(50,708)	1,237,402	4,912
Glocester	(83,167)	2,866,365	(3,532)
Hopkinton	30,306	5,735,135	(8,940)
Jamestown	(17,579)	368,955	312
Johnston	522,261	10,155,696	(23,779)
Lincoln	678,879	6,949,637	49,919
Little Compton	25,289	314,727	(869)
Middletown	(154,938)	9,442,812	(35,004)
Narragansett	64,924	1,481,749	6,859
Newport	(110,840)	10,717,477	(16,264)
New Shoreham	5,770	61,803	48
North Kingstown	41,710	10,667,391	7,449
North Providence	644,012	12,729,686	21,870
North Smithfield	288,042	4,648,180	(17,455)
Pawtucket	1,857,456	64,576,209	24,572
Portsmouth	(205,948)	5,767,514	(5,365)
Providence	5,991,908	185,990,614	(185,666)
Richmond	(20,531)	5,642,629	6,237
Scituate	242,420	3,154,451	1,490
Smithfield	67,643	4,974,687	(7,767)
South Kingstown	(366,222)	8,828,084	4,386
Tiverton	54,425	5,343,549	(13,900)
Warwick	302,864	33,920,827	(124,250)
Westerly	261,069	5,970,828	11,545
West Warwick	288,452	19,171,353	(27,649)
Woonsocket	656,490	45,304,983	(292,459)
Bristol-Warren	(271,395)	18,622,094	2,954
Chariho	258,415	641,957	125
Exeter-West Greenwich	109,399	6,816,998	1,350
Foster-Glocester	153,033	5,380,618	(7,641)
Central Falls	(1,720,208)	40,468,382	677,054
Total	\$ 14,911,197	\$ 647,446,154	\$ 10,033
<i>Adjusted Chariho</i>	264,375	13,716,480	5,112

Table 1B: Total Education Aid for Charter and State Schools for FY 2012

A. Column **A** is the amount that charter and state schools will receive in the first year of the new formula's implementation pursuant to the ten-year phase in of the formula. It assumes that schools that will receive more state funding will have the additional funding phased in over seven years and schools that are going to receive less state funding will have that loss phased in over ten years.

B. The Budget uses federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues. Column **B** shows the amount of the general revenue reduction.

C. Column **C** includes the FY 2012 general revenue distribution. This is the total funding minus the jobs fund allocation.

D. Column **D** shows the amount from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012. The Budget assumes that charter and state schools will carry forward their FY 2011 allocation for use in FY 2012.

E. Column **E** shows total FY 2012 formula aid from general revenues and federal education jobs funds.

F. Column **F** shows the Governor's FY 2012 recommendation. It is based on June 30, 2010 enrollment data. The Department of Elementary and Secondary Education provided March 14, 2011 enrollment data at the beginning of April.

G. Column **G** is the difference between FY 2012 aid in Column **E** and the Governor's FY 2012 recommendation in Column **F**.

H. Column **H** is the starting point for calculating FY 2011 base formula aid. It is the FY 2011 enacted aid plus an adjustment done by the Department of Elementary and Secondary Education based on Budget Office target instructions sent out in July 2010.

I. Column **I** is the difference between FY 2012 total funding in Column **E** and the FY 2011 base amounts in Column **H**.

Table 1B: Total Education Aid for Charter and State Schools for FY 2012

<i>School</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
	<i>FY 2012</i>	<i>Education Jobs</i>	<i>FY 2012</i>	<i>Education Jobs</i>	<i>FY 2012 Total</i>
	<i>Formula Aid</i>	<i>Fund</i>	<i>General</i>	<i>Fund Offset</i>	<i>Aid</i>
			<i>Revenues</i>		
Beacon	\$ 1,722,314	\$ (85,927)	\$ 1,636,387	\$ 85,927	\$ 1,722,314
Blackstone	1,552,492	(71,435)	1,481,056	71,435	1,552,491
Compass	608,800	(29,362)	579,438	29,362	608,800
Greene School	667,150	(26,637)	640,513	26,637	667,150
Highlander	2,716,793	(125,425)	2,591,368	125,425	2,716,793
International	2,896,237	(134,076)	2,762,161	134,076	2,896,237
Kingston Hill	727,276	(35,188)	692,088	35,188	727,276
Learning Community	5,954,782	(230,278)	5,724,504	230,278	5,954,782
New England Laborers	1,648,397	-	1,648,397	-	1,648,397
Nurses Institute	1,130,376	-	1,130,376	-	1,130,376
Paul Cuffee	6,805,659	(279,528)	6,526,131	279,528	6,805,659
Mayoral Academies Blackstone Valley	4,050,453	(93,285)	3,957,168	93,285	4,050,453
Segue Institute	2,562,049	(79,612)	2,482,437	79,612	2,562,049
Textron	2,323,795	-	2,323,795	-	2,323,795
Times2 Academy	7,111,479	-	7,111,479	-	7,111,479
Trinity	726,533	(18,714)	707,819	18,714	726,533
<i>Charter Schools Subtotal</i>	<i>43,204,586</i>	<i>(1,209,467)</i>	<i>\$ 41,995,118</i>	<i>\$ 1,209,467</i>	<i>\$ 43,204,585</i>
Davies Career and Tech	14,090,211	(673,955)	13,416,256	673,955	14,090,211
Met School	12,236,284	(593,721)	11,642,563	593,721	12,236,284
Total	\$ 69,531,081	\$ (2,477,143)	\$ 67,053,937	\$ 2,477,143	\$ 69,531,080

Table 1B: Total Education Aid for Charter and State Schools for FY 2012

<i>School</i>	<i>F</i> <i>FY 2012 Gov.</i> <i>Rec.</i>	<i>G</i> <i>Change to Gov.</i>	<i>H</i> <i>FY 2011 For</i> <i>Base</i> <i>Calculation</i>	<i>I</i> <i>Change to Base</i> <i>Funding</i>
Beacon	\$ 1,732,711	\$ (10,397)	\$ 1,755,873	\$ (33,559)
Blackstone	1,553,291	(800)	1,563,108	(10,617)
Compass	609,710	(910)	642,210	(33,410)
Greene School	681,222	(14,072)	521,480	145,670
Highlander	2,713,276	3,517	2,741,436	(24,643)
International	2,887,024	9,213	2,932,501	(36,264)
Kingston Hill	724,215	3,061	769,530	(42,254)
Learning Community	5,786,707	168,075	5,267,909	686,873
New England Laborers	1,645,409	2,988	1,697,870	(49,473)
Nurses Institute	1,126,220	4,156	-	1,130,376
Paul Cuffee	6,719,793	85,866	6,259,303	546,356
Mayoral Academies Blackstone Valley	3,942,777	107,676	2,163,075	1,887,378
Segue Institute	2,541,835	20,214	1,740,632	821,417
Textron	2,314,584	9,211	2,341,876	(18,081)
Times2 Academy	7,107,590	3,889	7,217,958	(106,479)
Trinity	727,112	(579)	397,647	328,886
<i>Charter Schools Subtotal</i>	\$ 42,813,476	\$ 391,109	\$ 38,012,408	\$ 5,192,177
Davies Career and Tech	13,984,084	106,127	14,820,328	(730,117)
Met School	12,165,708	70,576	13,013,531	(777,247)
Total	\$ 68,963,268	\$ 567,812	\$ 65,846,267	\$ 3,684,813

Table 2: Calculation of New Funding Formula for FY 2012

A. The student counts are shown in Column **A** based on the resident average daily membership as of March 14, 2011. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

B. Column **B** includes the number of students in pre-kindergarten through 12th grade that receive USDA reimbursable lunch as reported to the Department of Elementary and Secondary Education by the districts.

C. Column **C** includes the percent of students that are eligible for free and reduced price lunch - Column **B** divided by Column **A**.

D. Column **D** is the core instruction funding which is the student count in Column **A** times the core instruction per pupil amount of \$8,333. The legislation requires the core instruction per pupil amount to be updated annually.

E. Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 times the number of students in pre-K through 12th grade that receive free and reduced price lunch in Column **B** times the core instruction amount.

F. The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.

G. Column **G** is the state share ratio whose calculation is described in Table 4.

H. Column **H** includes the state foundation aid under the new funding formula. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.

I. Column **I** is the FY 2011 base calculation shown in Table 5.

J. Column **J** is first year transition amount. It is the amount that will be added or subtracted from the FY 2011 base aid amount. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The calculation is shown in Table 5.

K. Column **K** is the amount that districts would receive in the first year of the new formula's implementation pursuant to the ten-year phase in of the formula.

L. Column **L** is the difference between the first year of funding under the new formula and the total state foundation aid shown in Column **H**.

M. Column **M** is the Governor's FY 2012 recommended budget. It was based on June 30, 2010 student enrollment data.

N. Column **N** is the difference between FY 2012 aid from all sources of funds shown in Column **K** and the Governor's FY 2012 recommendation shown in Column **M**.

Table 2: Calculation of New Funding Formula for FY 2012

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>District</i>	<i>PK-12 RADM 3/14/11</i>	<i>FRPL RADM 3/14/11</i>	<i>%FRPL</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>
Barrington	3,401	159	4.7%	\$ 28,340,533	\$ 529,979
Burrillville	2,476	853	34.5%	20,632,508	2,843,220
Charlestown	956	250	26.2%	7,966,348	833,300
Coventry	5,043	1,345	26.7%	42,023,319	4,483,154
Cranston	10,109	3,842	38.0%	84,238,297	12,806,154
Cumberland	4,610	948	20.6%	38,415,130	3,159,874
East Greenwich	2,330	153	6.6%	19,415,890	509,980
East Providence	5,484	2,467	45.0%	45,698,172	8,223,004
Foster	256	47	18.4%	2,133,248	156,660
Glocester	537	118	22.0%	4,474,821	393,318
Hopkinton	1,224	278	22.7%	10,199,592	926,630
Jamestown	687	50	7.3%	5,724,771	166,660
Johnston	3,018	1,173	38.9%	25,148,994	3,909,844
Lincoln	3,282	887	27.0%	27,348,906	2,956,548
Little Compton	422	55	13.0%	3,516,526	183,326
Middletown	2,426	698	28.8%	20,215,858	2,326,574
Narragansett	1,477	262	17.7%	12,307,841	873,298
Newport	2,021	1,233	61.0%	16,840,993	4,109,836
New Shoreham	125	15	12.0%	1,041,625	49,998
North Kingstown	4,096	826	20.2%	34,131,968	2,753,223
North Providence	3,274	1,126	34.4%	27,282,242	3,753,183
North Smithfield	1,777	272	15.3%	14,807,741	906,630
Pawtucket	8,659	6,735	77.8%	72,155,447	22,449,102
Portsmouth	2,595	343	13.2%	21,624,135	1,143,288
Providence	22,592	19,672	87.1%	188,259,136	65,570,710
Richmond	1,160	213	18.4%	9,666,280	709,972
Scituate	1,606	253	15.8%	13,382,798	843,300
Smithfield	2,391	320	13.4%	19,924,203	1,066,624
South Kingstown	3,495	618	17.7%	29,123,835	2,059,918
Tiverton	1,851	472	25.5%	15,424,383	1,573,270
Warwick	9,829	3,047	31.0%	81,905,057	10,156,260
Westerly	3,147	1,029	32.7%	26,223,951	3,429,863
West Warwick	3,473	1,658	47.7%	28,940,509	5,526,446
Woonsocket	5,737	4,052	70.6%	47,806,421	13,506,126
Bristol-Warren	3,463	1,181	34.1%	28,857,179	3,936,509
Chariho	-	-	0.0%	-	-
Exeter-West Greenwich	1,783	237	13.3%	14,857,739	789,968
Foster-Glocester	1,306	204	15.6%	10,882,898	679,973
Central Falls	2,505	2,159	86.2%	20,874,165	7,196,379
Total	134,623	59,250		\$ 1,121,813,459	\$ 197,492,100
<i>Adjusted Chariho</i>	<i>3,340</i>	<i>741</i>		<i>27,832,220</i>	<i>2,469,901</i>

Table 2: Calculation of New Funding Formula for FY 2012

<i>District</i>	<i>F</i> <i>Total</i> <i>Foundation</i>	<i>G</i> <i>State</i> <i>Share Ratio</i> <i>(Table 4)</i>	<i>H</i> <i>Fully</i> <i>Transitioned</i> <i>Formula</i> <i>Funding</i>	<i>I</i> <i>FY 2011 for</i> <i>Base Calculation</i>	<i>J</i> <i>Year One</i> <i>Transition</i> <i>Amount</i> <i>(Table 5)</i>
Barrington	\$ 28,870,512	20.4%	\$ 5,893,440	\$ 1,774,970	\$ 587,964
Burrillville	23,475,728	52.5%	12,331,809	12,614,806	(29,750)
Charlestown	8,799,648	15.4%	1,356,459	1,706,167	(35,180)
Coventry	46,506,473	47.5%	22,083,573	17,965,552	585,286
Cranston	97,044,451	49.6%	48,174,385	31,692,604	2,349,234
Cumberland	41,575,004	42.1%	17,486,231	11,839,759	804,656
East Greenwich	19,925,870	12.9%	2,567,965	1,325,669	177,179
East Providence	53,921,176	55.6%	29,977,313	23,867,806	868,765
Foster	2,289,908	34.5%	790,090	1,291,538	(50,293)
Glocester	4,868,139	43.6%	2,121,308	2,942,635	(82,469)
Hopkinton	11,126,222	44.4%	4,940,224	5,689,355	(75,566)
Jamestown	5,891,431	3.7%	216,625	386,289	(17,022)
Johnston	29,058,838	43.7%	12,704,479	9,478,401	459,260
Lincoln	30,305,454	36.3%	10,989,980	6,177,926	686,329
Little Compton	3,699,852	12.7%	468,298	288,183	25,675
Middletown	22,542,432	33.9%	7,643,264	9,071,756	(143,948)
Narragansett	13,181,139	14.4%	1,892,056	1,421,698	66,910
Newport	20,950,829	44.6%	9,347,932	10,319,625	(98,412)
New Shoreham	1,091,623	8.9%	97,259	55,968	5,883
North Kingstown	36,885,191	29.9%	11,012,932	10,620,582	54,257
North Providence	31,035,425	52.2%	16,206,927	11,838,531	622,055
North Smithfield	15,714,371	39.5%	6,204,332	4,217,621	283,093
Pawtucket	94,604,549	80.7%	76,371,716	61,653,153	2,092,627
Portsmouth	22,767,423	13.9%	3,153,761	5,286,083	(213,934)
Providence	253,829,846	86.8%	220,357,203	176,895,067	6,179,881
Richmond	10,376,252	42.6%	4,419,997	5,662,917	(124,940)
Scituate	14,226,098	32.3%	4,596,417	2,909,955	240,414
Smithfield	20,990,827	24.4%	5,118,061	4,653,264	65,541
South Kingstown	31,183,753	16.4%	5,110,521	8,812,648	(371,317)
Tiverton	16,997,653	33.5%	5,699,678	5,269,012	60,636
Warwick	92,061,317	38.6%	35,529,050	33,094,322	342,191
Westerly	29,653,814	25.6%	7,598,931	5,714,140	268,232
West Warwick	34,466,955	60.8%	20,941,859	18,833,852	298,087
Woonsocket	61,312,547	81.3%	49,822,698	44,021,385	821,666
Bristol-Warren	32,793,688	33.1%	10,838,326	18,665,045	(784,812)
Chariho	-	0.0%	-	383,249	(38,367)
Exeter-West Greenwich	15,647,707	29.7%	4,650,424	6,491,006	(184,853)
Foster-Glocester	11,562,871	40.2%	4,652,163	5,213,947	(56,778)
Central Falls	28,070,544	92.6%	25,982,931	42,819,711	(1,688,271)
Total	\$ 1,319,305,559		\$ 709,350,616	\$ 622,966,197	\$ 13,949,909
<i>Adjusted Chariho</i>	<i>30,302,121</i>		<i>10,716,680</i>	<i>13,441,688</i>	<i>(274,054)</i>

Table 2: Calculation of New Funding Formula for FY 2012

	<i>K</i>	<i>L</i>	<i>M</i>	<i>N</i>
<i>District</i>	<i>FY 2012 Formula Aid</i>	<i>Difference from Base Funding</i>	<i>FY 2012 Gov. Rec. Funding</i>	<i>Chg. to FY 2012 Gov. Rec.</i>
Barrington	\$ 2,362,934	\$ (3,530,506)	\$ 2,346,507	\$ 16,427
Burrillville	12,585,056	253,247	12,585,893	(838)
Charlestown	1,670,987	314,527	1,663,386	7,600
Coventry	18,550,838	(3,532,735)	18,570,799	(19,961)
Cranston	34,041,838	(14,132,547)	33,949,874	91,964
Cumberland	12,644,415	(4,841,816)	12,682,548	(38,133)
East Greenwich	1,502,848	(1,065,116)	1,500,256	2,593
East Providence	24,736,571	(5,240,742)	24,836,821	(100,249)
Foster	1,241,245	451,155	1,236,333	4,912
Glocester	2,860,166	738,858	2,863,698	(3,532)
Hopkinton	5,613,789	673,564	5,622,508	(8,719)
Jamestown	369,267	152,642	368,955	312
Johnston	9,937,661	(2,766,818)	9,961,441	(23,779)
Lincoln	6,864,255	(4,125,725)	6,814,336	49,919
Little Compton	313,858	(154,440)	314,727	(869)
Middletown	8,927,808	1,284,544	8,962,812	(35,004)
Narragansett	1,488,608	(403,448)	1,481,749	6,859
Newport	10,221,213	873,280	10,237,477	(16,264)
New Shoreham	61,851	(35,408)	61,803	48
North Kingstown	10,674,839	(338,093)	10,667,391	7,449
North Providence	12,460,586	(3,746,341)	12,438,716	21,870
North Smithfield	4,500,714	(1,703,618)	4,518,169	(17,455)
Pawtucket	63,745,780	(12,625,935)	63,721,209	24,572
Portsmouth	5,072,149	1,918,389	5,077,514	(5,365)
Providence	183,074,948	(37,282,255)	183,260,614	(185,666)
Richmond	5,537,977	1,117,980	5,532,235	5,742
Scituate	3,150,369	(1,446,048)	3,148,878	1,490
Smithfield	4,718,805	(399,257)	4,726,572	(7,767)
South Kingstown	8,441,331	3,330,810	8,436,945	4,386
Tiverton	5,329,648	(370,030)	5,343,549	(13,900)
Warwick	33,436,513	(2,092,537)	33,560,762	(124,250)
Westerly	5,982,372	(1,616,558)	5,970,828	11,545
West Warwick	19,131,939	(1,809,920)	19,159,588	(27,649)
Woonsocket	44,843,051	(4,979,647)	45,135,511	(292,459)
Bristol-Warren	17,880,233	7,041,907	17,876,094	4,140
Chariho	344,882	344,882	344,924	(42)
Exeter-West Greenwich	6,306,153	1,655,730	6,304,867	1,286
Foster-Glocester	5,157,169	505,006	5,164,742	(7,574)
Central Falls	41,131,440	15,148,508	40,454,385	677,054
Total	\$ 636,916,106	\$ (72,434,509)	\$ 636,905,415	\$ 10,691
<i>Adjusted Chariho</i>	<i>13,167,634</i>	<i>2,450,954</i>	<i>13,163,054</i>	<i>4,581</i>

Table 3: Group Home Aid

<i>District</i>	<i>FY 2011 Enacted Aid</i>	<i>FY 2011 Revised Aid</i>	<i>Change to Enacted</i>	<i>FY 2012 Aid</i>	<i>Change to Enacted</i>	<i>Change to Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	420,000	420,000	-	420,000	-	-
Charlestown	-	-	-	-	-	-
Coventry	120,000	120,000	-	120,000	-	-
Cranston	-	-	-	-	-	-
Cumberland	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	636,000	636,000	-	636,000	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	120,000	120,000	-	120,000	-	-
Lincoln	135,000	135,000	-	135,000	-	-
Little Compton	-	-	-	-	-	-
Middletown	480,000	480,000	-	480,000	-	-
Narragansett	-	-	-	-	-	-
Newport	480,000	480,000	-	480,000	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	255,000	255,000	-	255,000	-	-
North Smithfield	120,000	120,000	-	120,000	-	-
Pawtucket	1,020,000	1,020,000	-	855,000	(165,000)	(165,000)
Portsmouth	675,000	690,000	15,000	690,000	15,000	-
Providence	2,715,000	2,730,000	15,000	2,730,000	15,000	-
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	240,000	240,000	-	240,000	-	-
South Kingstown	375,000	375,000	-	375,000	-	-
Tiverton	-	-	-	-	-	-
Warwick	360,000	360,000	-	360,000	-	-
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-
Woonsocket	285,000	285,000	-	165,000	(120,000)	(120,000)
Bristol-Warren	210,000	210,000	-	210,000	-	-
Exeter-West Greenwich	210,000	210,000	-	210,000	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-
Total	\$ 8,856,000	\$ 8,886,000	\$ 30,000	\$ 8,601,000	\$ (255,000)	\$ (285,000)

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2007 is used for FY 2012 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2007 as reported by the Department of Administration's Office of Municipal Affairs. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C. The FY 2010 student counts are shown in Column **C** based on the resident average daily membership as of June 30, 2010. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E. Column **E** includes the percentage of students eligible for USDA reimbursable school meals in pre-Kindergarten through 6th grade as of June 30, 2010.

F. The calculation in Column **F** is the square root of the sum of the state share ratio for the community calculation in Column **D** squared plus the district's percentage of students eligible for USDA reimbursable school meals in grades pre-Kindergarten through 6th in Column **E** squared, divided by two.

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

G. Column **G** shows what the share ratio would have been for FY 2011. It uses property valuations as of December 31, 2006 and student counts as of June 30, 2009.

H. Column **H** shows the difference between the share ratio for FY 2012 and that for FY 2011.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/07</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/07</i>	<i>C</i> <i>June 2010 Student</i> <i>Count*</i>	<i>D</i> <i>Adjusted EWAV</i>
Barrington	\$ 3,372,315,367	\$ 5,121,253,027	3,346	28.5%
Burrillville	1,741,149,673	1,833,251,350	2,516	66.0%
Charlestown	2,788,196,102	2,999,989,805	1,045	0.0%
Coventry	4,053,897,812	4,199,820,158	5,163	62.0%
Cranston	9,164,925,032	8,948,376,217	10,344	59.6%
Cumberland	4,184,686,697	4,544,244,629	4,797	55.8%
East Greenwich	2,902,078,803	4,121,731,784	2,310	16.7%
East Providence	5,259,076,402	4,563,091,825	5,675	62.5%
Foster	308,079,599	279,102,614	242	46.2%
Glocester	512,669,423	493,695,931	548	57.9%
Hopkinton	1,113,262,790	1,167,141,628	1,252	56.5%
Jamestown	2,172,270,945	2,697,561,722	703	0.0%
Johnston	3,564,174,377	3,434,810,707	3,102	48.3%
Lincoln	3,406,793,533	3,891,394,814	3,306	45.0%
Little Compton	2,015,231,874	2,890,556,948	429	0.0%
Middletown	3,256,347,213	3,505,576,854	2,550	35.8%
Narragansett	5,368,924,516	5,530,360,036	1,477	0.0%
Newport	6,159,645,254	6,584,661,839	2,099	0.0%
New Shoreham	2,119,387,399	2,753,185,846	124	0.0%
North Kingstown	4,614,641,810	5,674,658,910	4,167	36.4%
North Providence	3,244,748,276	2,651,305,163	3,296	62.4%
North Smithfield	1,638,277,378	1,802,568,285	1,829	54.0%
Pawtucket	5,483,683,482	3,540,411,328	9,597	82.8%
Portsmouth	3,846,059,390	4,829,053,076	2,652	15.0%
Providence	14,869,419,941	7,868,651,855	25,059	85.3%
Richmond	991,356,630	1,072,133,252	1,168	57.1%
Scituate	1,029,316,656	2,004,236,360	1,635	42.8%
Smithfield	2,979,747,374	3,578,130,192	2,441	31.6%
South Kingstown	5,362,276,378	6,620,262,436	3,621	14.6%
Tiverton	2,816,389,976	2,424,595,995	1,915	40.9%
Warwick	12,462,172,432	12,050,921,020	10,131	44.5%
Westerly	6,592,452,929	6,621,513,725	3,146	1.7%
West Warwick	2,859,131,430	2,409,620,157	3,526	68.1%
Woonsocket	2,668,739,630	1,799,772,940	6,076	86.2%
Bristol/Warren	4,841,807,767	4,968,415,974	3,465	33.1%
Exeter/West Greenwich	1,948,444,063	2,457,913,772	1,890	39.3%
Foster/Glocester	1,146,684,334	1,328,430,917	1,358	54.3%
Central Falls	808,100,703	404,160,302	3,204	94.1%
Total	\$ 143,666,563,393	\$ 143,666,563,393	141,204	

**Includes charter and state school students*

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2010 % of PK-6</i> <i>FRPL</i>	<i>F</i> <i>FY 2012 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2011 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to Share</i> <i>Ratio</i>
Barrington	4.6%	20.4%	23.0%	-2.5%
Burrillville	34.1%	52.5%	52.1%	0.5%
Charlestown	21.8%	15.4%	14.4%	1.1%
Coventry	25.8%	47.5%	47.5%	0.0%
Cranston	37.1%	49.6%	47.5%	2.2%
Cumberland	20.6%	42.1%	40.1%	2.0%
East Greenwich	7.3%	12.9%	10.1%	2.8%
East Providence	47.7%	55.6%	54.4%	1.1%
Foster	15.7%	34.5%	33.2%	1.3%
Glocester	21.1%	43.6%	42.0%	1.6%
Hopkinton	27.4%	44.4%	44.0%	0.4%
Jamestown	5.2%	3.7%	3.5%	0.1%
Johnston	38.6%	43.7%	43.7%	0.0%
Lincoln	24.6%	36.3%	36.2%	0.1%
Little Compton	17.9%	12.7%	3.5%	9.1%
Middletown	31.9%	33.9%	32.0%	2.0%
Narragansett	20.3%	14.4%	12.7%	1.6%
Newport	63.1%	44.6%	43.8%	0.8%
New Shoreham	12.6%	8.9%	9.9%	-1.0%
North Kingstown	21.4%	29.9%	30.3%	-0.5%
North Providence	39.5%	52.2%	45.2%	7.1%
North Smithfield	14.2%	39.5%	39.6%	-0.1%
Pawtucket	78.6%	80.7%	78.2%	2.5%
Portsmouth	12.6%	13.9%	15.6%	-1.7%
Providence	88.3%	86.8%	86.0%	0.9%
Richmond	19.2%	42.6%	40.4%	2.3%
Scituate	16.0%	32.3%	28.4%	3.9%
Smithfield	13.8%	24.4%	26.1%	-1.7%
South Kingstown	18.0%	16.4%	19.4%	-3.0%
Tiverton	24.0%	33.5%	26.1%	7.4%
Warwick	31.6%	38.6%	38.8%	-0.2%
Westerly	36.2%	25.6%	25.3%	0.3%
West Warwick	52.4%	60.8%	59.5%	1.3%
Woonsocket	76.0%	81.3%	80.3%	1.0%
Bristol/Warren	33.0%	33.1%	34.1%	-1.0%
Exeter/West Greenwich	14.9%	29.7%	29.4%	0.3%
Foster/Glocester	17.0%	40.2%	39.4%	0.7%
Central Falls	91.0%	92.6%	92.4%	0.1%
Total				

**Includes charter and state school students*

Table 5: Transition Plan for Districts

The new funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to ten years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. It requires establishing the total gain or loss to each district.

A. Column **A** is the fully transitioned formula funding based on March 14, 2011 data.

B. Column **B** is the FY 2011 enacted aid, net aid for group home beds.

C. Column **C** is the difference between the fully transition formula funding shown in Column **A** and FY 2011 enacted funding shown in Column **B**.

D. Column **D** shows the transition calculation. Districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i> <i>FY 2012 Base</i> <i>Funding</i>	<i>B</i> <i>FY 2011</i> <i>Enacted Net</i> <i>Group Home</i> <i>Beds</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>1/7th or 1/10th</i>
Barrington	\$ 5,893,440	\$ 1,777,692	\$ 4,115,748	\$ 587,964
Burrillville	12,331,809	12,629,311	(297,502)	(29,750)
Charlestown	1,356,459	1,708,264	(351,805)	(35,180)
Coventry	22,083,573	17,986,570	4,097,003	585,286
Cranston	48,174,385	31,729,746	16,444,639	2,349,234
Cumberland	17,486,231	11,853,639	5,632,592	804,656
East Greenwich	2,567,965	1,327,711	1,240,254	177,179
East Providence	29,977,313	23,895,957	6,081,356	868,765
Foster	790,090	1,293,021	(502,931)	(50,293)
Glocester	2,121,308	2,946,000	(824,692)	(82,469)
Hopkinton	4,940,224	5,695,889	(755,665)	(75,566)
Jamestown	216,625	386,846	(170,221)	(17,022)
Johnston	12,704,479	9,489,656	3,214,823	459,260
Lincoln	10,989,980	6,185,677	4,804,303	686,329
Little Compton	468,298	288,570	179,728	25,675
Middletown	7,643,264	9,082,746	(1,439,482)	(143,948)
Narragansett	1,892,056	1,423,684	468,372	66,910
Newport	9,347,932	10,332,053	(984,121)	(98,412)
New Shoreham	97,259	56,080	41,179	5,883
North Kingstown	11,012,932	10,633,130	379,802	54,257
North Providence	16,206,927	11,852,543	4,354,384	622,055
North Smithfield	6,204,332	4,222,682	1,981,650	283,093
Pawtucket	76,371,716	61,723,324	14,648,392	2,092,627
Portsmouth	3,153,761	5,293,098	(2,139,337)	(213,934)
Providence	220,357,203	177,098,039	43,259,164	6,179,881
Richmond	4,419,997	5,669,397	(1,249,400)	(124,940)
Scituate	4,596,417	2,913,522	1,682,895	240,414
Smithfield	5,118,061	4,659,277	458,784	65,541
South Kingstown	5,110,521	8,823,692	(3,713,171)	(371,317)
Tiverton	5,699,678	5,275,223	424,455	60,636
Warwick	35,529,050	33,133,714	2,395,336	342,191
Westerly	7,598,931	5,721,304	1,877,627	268,232
West Warwick	20,941,859	18,855,252	2,086,607	298,087
Woonsocket	49,822,698	44,071,033	5,751,665	821,666
Bristol-Warren	10,838,326	18,686,442	(7,848,116)	(784,812)
Chariho	-	383,667	(383,667)	(38,367)
Exeter-West Greenwich	4,650,424	6,498,949	(1,848,525)	(184,853)
Foster-Glocester	4,652,163	5,219,945	(567,782)	(56,778)
Central Falls	25,982,931	42,865,645	(16,882,714)	(1,688,271)
Total	\$ 709,350,616	\$ 623,688,990	\$ 85,661,626	\$ 13,949,909
<i>Adjusted Chariho</i>	<i>10,716,680</i>	<i>13,457,217</i>	<i>(2,740,537)</i>	<i>(274,054)</i>

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Beacon Charter School</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Greene School</i>
Barrington	-	-	-	-	-
Burrillville	12	-	-	-	-
Charlestown	-	-	50	-	10
Coventry	4	-	-	-	37
Cranston	3	-	-	-	3
Cumberland	36	-	-	158	-
East Greenwich	3	-	1	-	1
East Providence	4	-	-	-	1
Foster	-	-	-	-	-
Glocester	2	-	-	-	-
Hopkinton	-	-	-	-	2
Jamestown	-	-	5	-	2
Johnston	7	-	-	-	2
Lincoln	8	-	-	52	-
Little Compton	-	-	-	-	-
Middletown	1	-	-	-	-
Narragansett	-	-	9	-	2
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	25	-	2
North Providence	10	-	-	-	-
North Smithfield	14	-	-	-	-
Pawtucket	18	83	-	150	-
Portsmouth	-	-	-	-	-
Providence	9	-	2	1	13
Richmond	-	-	7	-	2
Scituate	2	-	-	-	2
Smithfield	2	-	-	-	-
South Kingstown	-	-	30	-	5
Tiverton	-	-	-	-	-
Warwick	2	-	4	-	3
Westerly	1	-	20	-	8
West Warwick	1	-	1	-	1
Woonsocket	84	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	5	-	25
Foster-Glocester	1	-	-	-	5
Central Falls	3	71	-	155	-
Total	225	154	159	516	126

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	1	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	39	-	-
Coventry	1	-	1	-	-
Cranston	22	12	-	-	176
Cumberland	-	6	-	-	1
East Greenwich	-	-	-	-	-
East Providence	6	16	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	4	6	-	-	10
Lincoln	2	9	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	5	12	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	33	-	-
North Providence	7	7	-	-	1
North Smithfield	2	-	-	-	-
Pawtucket	25	125	-	130	4
Portsmouth	-	-	-	-	-
Providence	202	95	2	102	15
Richmond	-	-	-	-	-
Scituate	2	-	-	-	15
Smithfield	-	-	-	-	-
South Kingstown	-	-	77	-	-
Tiverton	-	-	-	-	-
Warwick	7	2	2	-	8
Westerly	-	-	3	-	-
West Warwick	2	1	3	-	1
Woonsocket	-	-	-	-	-
Bristol-Warren	1	-	-	-	-
Exeter-West Greenwich	-	-	8	-	2
Foster-Glocester	-	-	-	-	4
Central Falls	4	40	-	308	-
Total	288	324	180	540	237

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Segue Institute</i>	<i>Textron</i>	<i>Times2</i>
Barrington	-	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	7	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	7	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	6	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	7	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	26	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	68	634	-	225	647
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	7	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	8	-	220	-	-
Total	136	634	220	225	647

Table 6: FY 2012 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Metropolitan Davies Career & Tech Center</i>	<i>Career & Tech Center</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	-	-	3	4	0.1%
Burrillville	-	1	4	17	0.7%
Charlestown	-	-	5	104	9.8%
Coventry	-	-	3	46	0.9%
Cranston	-	1	17	241	2.3%
Cumberland	-	-	6	207	4.3%
East Greenwich	-	-	-	5	0.2%
East Providence	-	1	21	56	1.0%
Foster	-	-	-	-	0.0%
Glocester	-	-	-	2	0.4%
Hopkinton	-	-	-	2	0.2%
Jamestown	-	-	5	12	1.7%
Johnston	-	-	29	64	2.1%
Lincoln	-	49	6	126	3.7%
Little Compton	-	-	2	2	0.5%
Middletown	-	-	17	18	0.7%
Narragansett	-	-	5	33	2.2%
Newport	-	-	22	22	1.1%
New Shoreham	-	-	-	-	0.0%
North Kingstown	-	-	3	63	1.5%
North Providence	-	67	9	108	3.2%
North Smithfield	-	1	-	17	0.9%
Pawtucket	-	522	31	1,114	11.4%
Portsmouth	-	-	9	9	0.3%
Providence	68	82	385	2,549	10.1%
Richmond	-	-	1	10	0.9%
Scituate	-	-	2	23	1.4%
Smithfield	-	12	8	22	0.9%
South Kingstown	-	-	13	125	3.5%
Tiverton	-	-	8	8	0.4%
Warwick	-	-	14	49	0.5%
Westerly	-	-	1	33	1.0%
West Warwick	-	-	6	16	0.5%
Woonsocket	-	1	26	111	1.9%
Bristol-Warren	-	-	15	16	0.5%
Exeter-West Greenwich	-	-	3	43	2.4%
Foster-Glocester	-	-	1	11	0.8%
Central Falls	-	180	15	1,004	28.6%
Total	68	916	695	6,290	4.5%

Table 7: Transition Plan for Charter and State Schools

The new funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to ten years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district or school compared to funding distributions under the current system. It requires establishing the total gain or loss to each district.

A. Column **A** is FY 2011 revised aid for charter schools. It includes general revenues and federal fiscal stabilization funds.

B. Column **B** is FY 2012 base funding. It uses March 14, 2011 enrollment data.

C. Column **C** is the difference between FY 2012 base funding and FY 2011 enacted aid.

D. Column **D** shows the transition calculation for the students enrolled as of March 14, 2011. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.

E. Column **E** includes student enrollment adjustments based on the charter school lotteries held in March. Because some charter schools are adding grades and are more affected by growing enrollments, significant swings in data can skew transition amounts. To establish stability in the transition amount, differences due to these changes are included in the transition calculation.

F. Column **F** is the transition calculation to account for the March lotteries. Charter schools that are adding grades or experiencing significant growth will have the additional funding for the new students phased in the first year. Charters that are going to receive less funding will have that loss phased in over ten years.

G. Column **G** is the first year transition amount. It is the sum of the existing student transition amount shown in Column **D** and the changes in enrollment from the March lotteries shown in Column **F**.

Table 7: Transition Plan for Charter and State Schools

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
<i>School</i>	<i>FY 2011 Revised</i>	<i>FY 2012 Base Formula Funding</i>	<i>Difference</i>	<i>Transition = 1/7th or 1/10th</i>
Beacon	\$ 1,757,508	\$ 1,431,579	\$ (325,929)	\$ (32,593)
Blackstone	1,564,483	1,457,285	(107,198)	(10,720)
Compass	642,768	284,067	(358,701)	(35,870)
Greene School	521,480	298,389	(223,091)	(22,309)
Highlander	2,743,759	2,472,701	(271,058)	(27,106)
International	2,935,044	2,489,174	(445,870)	(44,587)
Kingston Hill	770,195	346,328	(423,867)	(42,387)
Learning Community	5,272,239	4,674,140	(598,099)	(59,810)
New England Laborers	1,699,377	1,204,651	(494,726)	(49,473)
Nurses Institute	-	-	-	-
Paul Cuffee	6,264,405	5,275,123	(989,282)	(98,928)
Mayoral Academies Blackstone	2,164,824	1,782,715	(382,109)	(38,211)
Segue Institute	1,742,123	1,440,839	(301,284)	(30,128)
Textron	2,343,810	2,024,108	(319,702)	(31,970)
Times2 Academy	7,223,919	6,112,835	(1,111,084)	(111,108)
Trinity	397,647	329,876	(67,771)	(6,777)
<i>Charter Schools Subtotal</i>	\$ 38,043,581	\$ 31,623,810	\$ (6,419,771)	\$ (641,977)
Davies Career and Tech	14,835,549	6,653,427	(8,182,122)	(818,212)
Met School	13,025,640	4,813,852	(8,211,788)	(821,179)
Total	\$ 65,904,770	\$ 43,091,089	\$ (22,813,681)	\$ (2,281,368)

Table 7: Transition Plan for Charter and State Schools

<i>School</i>	<i>E</i> <i>Difference in</i> <i>Base Funding</i> <i>from Charter</i> <i>Lotteries</i>	<i>F</i> <i>Transition =</i> <i>1/7th or</i> <i>1/10th*</i>	<i>G</i> <i>Total Year 1</i> <i>Transition</i> <i>Amount</i>
Beacon	\$ (9,660)	\$ (966)	\$ (33,559)
Blackstone	1,042	104	(10,616)
Compass	24,602	2,460	(33,410)
Greene School	167,979	167,979	145,670
Highlander	24,626	2,463	(24,643)
International	83,231	8,323	(36,264)
Kingston Hill	1,323	132	(42,254)
Learning Community	746,683	746,683	686,873
New England Laborers	-	-	(49,473)
Nurses Institute	1,130,376	1,130,376	1,130,376
Paul Cuffee	645,284	645,284	546,356
Mayoral Academies Blackstone	1,925,589	1,925,589	1,887,378
Segue Institute	851,545	851,545	821,417
Textron	138,895	13,890	(18,081)
Times2 Academy	46,298	4,630	(106,479)
Trinity	335,663	335,663	328,886
<i>Charter Schools Subtotal</i>	\$ 6,113,476	\$ 5,834,155	\$ 5,192,178
Davies Career and Tech	880,950	88,095	(730,117)
Met School	439,322	43,932	(777,247)
Total	\$ 7,433,748	\$ 5,966,182	\$ 3,684,814

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Beacon Charter School</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	61,283	-	-	-	-
Charlestown	-	-	64,740	-	12,845
Coventry	15,828	-	-	-	152,737
Cranston	12,410	-	-	-	12,410
Cumberland	131,781	-	-	677,131	-
East Greenwich	3,222	-	1,074	-	1,503
East Providence	18,531	-	-	-	4,633
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	7,400
Jamestown	-	-	1,532	-	613
Johnston	25,502	-	-	-	7,286
Lincoln	27,801	-	-	170,434	-
Little Compton	-	-	-	-	-
Middletown	2,825	-	-	-	-
Narragansett	-	-	11,722	-	2,392
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	64,191	-	5,971
North Providence	50,478	-	-	-	-
North Smithfield	52,640	-	-	-	-
Pawtucket	156,067	722,481	-	1,296,967	-
Portsmouth	-	-	-	-	-
Providence	73,788	-	14,468	7,234	122,980
Richmond	-	-	26,267	-	7,099
Scituate	5,385	-	-	-	5,385
Smithfield	4,064	-	-	-	-
South Kingstown	-	-	44,793	-	6,828
Tiverton	-	-	-	-	-
Warwick	6,432	-	14,150	-	10,934
Westerly	2,135	-	45,270	-	17,937
West Warwick	5,063	-	7,088	-	5,063
Woonsocket	734,021	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	13,373	-	62,904
Foster-Glocester	3,353	-	-	-	19,445
Central Falls	29,310	735,846	-	1,556,538	-
Total	\$ 1,421,919	\$ 1,458,327	\$ 308,669	\$ 3,708,304	\$ 466,367

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	\$ 1,701	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	52,152	-	-
Coventry	3,957	-	3,957	-	-
Cranston	120,790	57,913	-	-	873,657
Cumberland	-	23,833	-	-	3,505
East Greenwich	-	-	-	-	-
East Providence	37,062	83,389	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	17,487	30,603	-	-	42,261
Lincoln	8,461	27,197	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	7,416	18,660	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	85,090	-	-
North Providence	33,942	33,942	-	-	6,092
North Smithfield	7,896	-	-	-	-
Pawtucket	213,919	1,072,285	-	1,197,407	34,980
Portsmouth	-	-	-	-	-
Providence	1,961,894	823,243	17,362	983,841	146,129
Richmond	-	-	-	-	-
Scituate	5,385	-	-	-	46,847
Smithfield	-	-	-	-	-
South Kingstown	-	-	114,987	-	-
Tiverton	-	-	-	-	-
Warwick	27,657	6,432	6,432	-	25,728
Westerly	-	-	8,969	-	-
West Warwick	10,126	5,063	19,240	-	7,088
Woonsocket	-	-	-	-	-
Bristol-Warren	3,856	-	-	-	-
Exeter-West Greenwich	-	-	20,803	-	4,953
Foster-Glocester	-	-	-	-	13,411
Central Falls	43,194	401,090	-	3,239,575	-
Total	\$ 2,497,327	\$ 2,572,406	\$ 347,651	\$ 5,420,823	\$ 1,204,651

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Segue Institute</i>	<i>Textron</i>	<i>Times2</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	33,920	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	37,988	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	24,774	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	33,942	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	228,718	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	662,646	5,920,407	-	2,163,003	6,159,133
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	25,084	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	83,303	-	2,292,385	-	-
Total	\$ 1,130,376	\$ 5,920,407	\$ 2,292,385	\$ 2,163,003	\$ 6,159,133

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 5,103	\$ 6,804
Burrillville	-	4,377	17,509	83,169
Charlestown	-	-	7,964	137,701
Coventry	-	-	13,454	189,933
Cranston	-	4,137	88,524	1,203,761
Cumberland	-	-	25,235	861,485
East Greenwich	-	-	-	5,799
East Providence	-	6,486	121,377	309,466
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	7,400
Jamestown	-	-	1,532	3,677
Johnston	-	-	126,054	273,967
Lincoln	-	163,786	19,340	417,019
Little Compton	-	-	2,109	2,109
Middletown	-	-	54,813	57,638
Narragansett	-	-	6,938	47,128
Newport	-	-	101,131	101,131
New Shoreham	-	-	-	-
North Kingstown	-	-	8,459	163,711
North Providence	-	340,292	49,608	548,296
North Smithfield	-	3,290	-	63,826
Pawtucket	-	4,396,772	267,735	9,587,331
Portsmouth	-	-	10,389	10,389
Providence	665,539	769,711	3,745,829	24,237,207
Richmond	-	-	3,550	36,916
Scituate	-	-	5,385	68,387
Smithfield	-	25,194	18,692	47,950
South Kingstown	-	-	18,300	184,908
Tiverton	-	-	23,472	23,472
Warwick	-	-	51,455	174,304
Westerly	-	-	2,990	77,301
West Warwick	-	-	34,429	93,160
Woonsocket	-	-	224,811	958,832
Bristol-Warren	-	-	47,921	51,777
Exeter-West Greenwich	-	-	8,420	110,453
Foster-Glocester	-	-	3,353	39,562
Central Falls	-	1,820,332	137,296	10,338,869
Total	\$ 665,539	\$ 7,534,377	\$ 5,253,174	\$ 50,524,837

Table 9: Categorical Aid

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>High Cost Career & Tech</i>	<i>Transportation</i>	<i>Regionalization Bonus</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 11,920	\$ -	\$ 11,920
Burrillville	-	-	3,716	-	3,716
Charlestown	-	-	-	33,462	33,462
Coventry	-	-	-	-	-
Cranston	-	-	106,220	-	106,220
Cumberland	-	-	18,664	-	18,664
East Greenwich	-	-	4,350	-	4,350
East Providence	-	-	3,037	-	3,037
Foster	-	-	1,069	-	1,069
Glocester	-	-	2,667	-	2,667
Hopkinton	-	-	-	112,406	112,406
Jamestown	-	-	-	-	-
Johnston	-	-	74,255	-	74,255
Lincoln	-	-	301	-	301
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	35,970	-	35,970
North Smithfield	-	-	10,011	-	10,011
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	-	-	-	-
Richmond	-	-	-	110,889	110,889
Scituate	-	-	5,573	-	5,573
Smithfield	-	-	8,115	-	8,115
South Kingstown	-	-	16,139	-	16,139
Tiverton	-	-	-	-	-
Warwick	-	-	65	-	65
Westerly	-	-	-	-	-
West Warwick	-	-	11,765	-	11,765
Woonsocket	-	-	4,472	-	4,472
Bristol-Warren	-	-	176,781	358,033	534,814
Chariho	-	-	290,294	6,906	297,200
Exeter-West Greenwich	-	-	175,913	126,282	302,195
Foster-Glocester	-	-	112,546	103,263	215,809
Central Falls	-	-	13,997	-	13,997
Subtotal	\$ -	\$ -	\$ 1,087,840	\$ 851,241	\$ 1,939,081
Charters & State Schools	-	-	-	-	-
Total	\$ -	\$ -	\$ 1,087,840	\$ 851,241	\$ 1,939,081

Table 10: Education Aid for FY 2007 – FY 2011

<i>District</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>
Barrington	\$ 2,599,526	\$ 2,599,526	\$ 1,593,304	\$ 1,991,517	\$ 1,777,692
Burrillville	13,779,743	13,854,743	12,585,902	13,612,645	13,049,312
Charlestown	2,002,838	2,002,838	1,719,967	1,796,445	1,708,264
Coventry	20,075,081	20,075,081	17,533,300	19,048,388	18,106,570
Cranston	35,580,911	35,580,911	30,795,673	33,415,011	31,729,746
Cumberland	13,257,009	13,257,009	11,420,258	12,483,950	11,853,639
East Greenwich	1,949,761	1,949,761	1,161,275	1,600,301	1,327,711
East Providence	26,762,254	26,888,254	24,035,893	25,828,242	24,531,957
Foster	1,416,463	1,416,463	1,255,877	1,356,544	1,293,021
Glocester	3,213,847	3,213,847	2,869,463	3,086,716	2,946,000
Hopkinton	6,241,352	6,241,352	5,508,449	5,986,133	5,695,888
Jamestown	531,908	531,908	346,587	425,179	386,846
Johnston	10,915,364	10,915,364	9,303,192	10,127,678	9,609,655
Lincoln	7,403,268	7,403,268	6,074,101	6,729,719	6,320,677
Little Compton	368,810	368,810	247,714	314,871	288,570
Middletown	10,497,116	10,497,116	9,285,331	10,051,682	9,562,746
Narragansett	1,897,159	1,897,159	1,319,879	1,560,864	1,423,684
Newport	11,796,080	11,871,080	10,591,134	11,331,160	10,812,053
New Shoreham	106,345	106,345	36,668	70,241	56,081
North Kingstown	11,986,005	11,986,005	10,248,855	11,223,268	10,633,129
North Providence	13,232,872	13,382,872	11,712,879	12,742,673	12,107,544
North Smithfield	4,834,237	4,834,237	4,104,570	4,583,159	4,342,683
Pawtucket	66,858,559	67,023,559	61,245,410	65,487,899	62,743,324
Portsmouth	6,250,042	6,700,042	5,666,900	6,254,079	5,983,097
Providence	193,974,756	194,109,756	175,986,254	187,887,861	179,828,040
Richmond	6,188,615	6,188,615	5,466,053	5,958,086	5,669,397
Scituate	3,407,183	3,407,183	2,800,441	3,094,571	2,913,522
Smithfield	5,668,568	5,743,568	4,766,755	5,276,397	4,899,277
South Kingstown	10,428,698	10,548,698	8,857,916	9,745,434	9,198,692
Tiverton	5,932,058	5,932,058	5,083,992	5,564,928	5,275,223
Warwick	37,626,000	37,626,000	32,427,446	35,327,749	33,493,714
Westerly	6,843,077	6,843,077	5,468,551	6,113,006	5,721,304
West Warwick	20,440,547	20,440,547	18,356,525	19,747,950	18,855,252
Woonsocket	47,616,613	47,661,613	43,506,928	46,417,513	44,356,033
Bristol-Warren	20,498,190	20,498,190	18,438,436	19,774,182	18,896,443
Exeter-West Greenwich	7,661,019	7,661,019	6,609,853	7,189,110	6,708,949
Chariho	398,334	398,334	369,091	398,437	383,667
Foster-Glocester	5,729,861	5,729,861	5,053,390	5,477,881	5,219,945
Central Falls	43,313,036	44,358,224	40,883,924	44,674,937	42,865,644
Met School Operations	10,406,956	11,487,734	11,830,303	12,758,767	13,025,640
Total	\$ 699,690,061	\$ 703,232,027	\$ 626,568,439	\$ 676,515,174	\$ 645,600,630

Revenues Changes

The Governor recommended \$2.4 million more general revenues than estimated at the November 2010 Revenue Estimating Conference for FY 2011 and \$307.8 million more for FY 2012. The Revenue Estimating Conference increased the enacted FY 2011 estimates by \$16.7 million to \$3,037.4 million and included \$2,938.0 million for FY 2012.

Taxes. The Governor’s budget includes \$157.0 million more in tax revenues for FY 2012. Of this, \$163.2 million is from changes to the sales and use tax. Changes from his Business Tax Competitiveness Proposal produce a decrease of \$0.9 million, and conversion of other taxes to transportation use lower taxes deposited as general revenues by \$9.8 million. The Assembly opted against a number of the proposals as described separately in the paragraphs that follow.

- **Motion Picture Tax Credit.** The Assembly maintained the Motion Picture Tax Credit Program, which is capped at \$15.0 million annually. The Governor had proposed the elimination of this credit.
- **Separate Postings of Tax Delinquents.** The Division of Taxation currently posts a list of the top 100 tax delinquents. The Governor’s FY 2012 budget assumes \$1.8 million in revenues by dividing the list into the top 100 individuals and the top 100 businesses that are delinquent in paying taxes in excess of 90 days. According to the Division of Taxation, the average tax owed by an individual and a business that would be placed on the top 100 lists are \$41,051 and \$40,348, respectively. The Assembly concurred.
- **Offset Lottery Winnings for Taxes Owed.** The Governor’s budget assumes \$141,457 in revenues from garnishing lottery winnings over \$600 when unpaid state taxes are owed. There are currently two other setoffs against lottery winnings; child support and benefit overpayments from the Department of Labor and Training. The Assembly concurred.
- **Enhanced Audit & Compliance.** The Budget assumes \$2.0 million in revenues from enhanced audit and compliance income tax collections from 4.0 new revenue agents.

Business Taxes

The Governor’s budget includes four separate proposals relating to taxes on businesses that have a combined impact of a \$0.9 million revenue loss in FY 2012 growing to \$14.6 million in FY 2016. These are summarized in the table below and described separately in the paragraphs that follow.

Business Tax Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Corp. Income Tax Rate Reduction	\$ (8.5)	\$ (20.0)	\$ (34.0)	\$ (35.3)	\$ (36.5)
Jobs Development Act Phase-Out	4.8	9.3	15.4	16.0	16.5
Corp. Minimum Tax Restructure	(6.1)	(6.2)	(6.2)	(6.3)	(6.4)
Combined Reporting	8.9	10.0	11.0	11.4	11.8
Total Impact	\$ (0.9)	\$ (6.8)	\$ (13.9)	\$ (14.2)	\$ (14.6)

in millions

Corporate Income Tax Rate Reduction Phase-In. The Governor proposed to decrease the Corporate Income Tax rate from 9.0 percent by 0.5 percent per year until reaching 7.5 percent for tax year 2014. He assumed a revenue loss of \$8.5 million in FY 2012, \$20.0 million in FY 2013, \$34.0 million in FY 2014, \$35.3 million in FY 2015 and \$36.5 million in FY 2016. The Assembly did not concur.

- **Jobs Development Act Three Year Phase-Out.** The Governor’s FY 2012 budget assumes \$4.8 million in revenues from phasing out the Jobs Development Act rate reduction over three years beginning in tax year 2012. The first year impact is based on a third of FY 2008 expenditures. The Jobs Development Act provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for three years past the base year. The reduction cannot be more than six percent. The amounts for the tax credit were \$16.2 million in FY 2008, \$14.2 million in FY 2009 and \$21.3 million in FY 2010. The Assembly did not concur.

- **Corporate Minimum Tax Restructure.** The Assembly maintained the Corporate Minimum Tax at the current amount and subjected limited partnerships and limited liability partnerships to the Corporate Minimum Tax. The Governor proposed to implement a tiered Corporate Minimum Tax based on gross receipts.

- **Implement Combined Reporting.** The Governor’s budget includes \$8.9 million in revenues from requiring business corporation tax filers to file as a “unitary business” or single enterprise, commonly referred to as combined reporting, effective January 1, 2012.

The Assembly adopted legislation requiring a “unitary business” to file returns as if combined reporting were required along with their regular return for tax years 2012 and 2013. This will allow the Division of Taxation to collect enough data to report to the General Assembly by March 2014 on the potential impact of implementing combined reporting and the various approaches to this policy.

Health Care Provider Tax

- **Reduce Nursing Home Expenditure Base.** The Governor’s budget includes a 5.0 percent reduction to the rates paid to nursing homes, reducing expenditures by \$12.8 million. The rate reduction results in lower revenues for nursing homes, which result in \$0.7 million less in taxes, which are assessed at 5.5 percent of nursing home gross revenues. The Assembly restored the 5.0 percent rate reduction and the \$0.7 million in taxes, but eliminated the annual cost-of-living adjustment for savings of \$6.3 million, including \$3.0 million from general revenues, which results in \$0.3 million less in taxes, thus the budget includes a total of \$0.4 million more from nursing home tax revenues.

Sales and Use Tax

The Governor’s budget includes proposals to extend the 6.0 percent tax to additional items and institute a new 1.0 percent tax on other currently exempt items. The proposals have a combined impact of \$163.2 million revenue in FY 2012. These are summarized in the table below and described separately in the paragraphs that follow. The Assembly opted against most of the proposals.

Proposal	FY 2012 Impact
Sales and Use Tax Rate from 7.0 Percent to 6.0 Percent	\$ (117,714,286)
Expansion of Sales Tax Base	195,908,719
1.0 Percent Sales Tax on Certain Items Currently Exempt	85,000,451
Total	\$ 163,194,884

- **Sales and Use Tax Rate from 7.0 Percent to 6.0 Percent.** The Governor proposed to decrease the current 7.0 percent sales and use tax on items currently taxed to 6.0 percent and assumed a revenue loss of \$117.7 million. The Assembly did not concur.

- **Expansion of Sales Tax Base.** The Governor's budget includes \$197.6 million from the imposition of a 6.0 percent sales and use tax on certain services that were previously exempt from the sales tax. Some of the services included are theater and museum admissions, car washes, veterinary services, repairs, laundry and dry cleaning and hair cuts. It includes \$0.9 million from the disallowance of a sales tax exemption towards the purchase of a car as a trade-in allowance on the value of a stolen or totaled vehicle. It also includes \$0.8 million from the imposition of a 6.0 percent sales and use tax on medical marijuana.

The Assembly did not concur with this proposal; however, it expanded the sales tax to a select few items for a total of \$17.2 million in FY 2012. It repealed the following exemptions from the sales tax: prewritten computer software, nonprescription drugs and disallowed sales tax exemption towards the purchase of a car. The Assembly also eliminated project status granted by the Economic Development Corporation and the Rhode Island Industrial Facilities Corporation and subjected sightseeing package tours to the sales and use tax.

1.0 Percent Sales Tax on Certain Items Currently Exempt. The Governor's budget includes \$85.0 million in revenues from the imposition of a 1.0 percent sales and use tax on certain exempt items, such as clothing, aircraft and boats and for purchases made by nonprofit entities. He also included a revenue loss of \$1.8 million for noncompliance with the Streamlined Sales and Use Tax Agreement, which allows the state to receive payments from certain internet sellers not otherwise obligated to collect sales taxes. He proposed that this expansion be repealed upon passage of federal legislation requiring remote sellers to collect sales tax on behalf of states that impose such taxes. The Assembly did not concur with this proposal; however, it adopted legislation to decrease the sales tax from 7.0 percent to 6.5 percent in the event Congress enacts legislation to require remote sellers to collect and remit taxes.

- **Phase-In Transfer of Registration and License Fees to Department of Transportation.** The Governor's budget includes a reduction of \$12.0 million in FY 2012 due to the phased in transfer of 20.0 percent of registration and license fees collected by the Division of Motor Vehicles to the Intermodal Surface Transportation Fund for use by the Department of Transportation. The proposal increased the transfer by 20.0 percent each year until FY 2016, when 100 percent of the fees would be dedicated to the Department. The transfer consists of \$9.8 million from motor vehicles registration and \$2.2 million from titles, driving license reinstatement, and commercial driver license fees.

The Assembly did not concur with the Governor's plan, but instead included legislation that establishes a transportation trust fund and provides that incremental increases of transportation related surcharges will be dedicated to the fund, with the purpose of reducing the Department of Transportation's reliance on borrowing while transitioning to a pay-go system. The incremental increases will begin in FY 2014 until they reach their peak in FY 2016, when they will generate approximately \$20 million annually. These funds will be combined with a dedicated annual stream of \$20 million from Rhode Island Capital Plan funds, which will together provide the \$40 million of annual state matching funds for transportation funding that is currently generated through debt issuance.

Departmental Revenues. The Governor recommended additional revenues of \$0.1 million and \$147.3 million in departmental receipts in FY 2011 and FY 2012, respectively. Of the amount for FY 2012, \$141.8 million relates to the extension of the hospital licensing fee.

- **DBR: Increase Securities Sales Representative License Fee.** The Governor proposed legislation to increase the licensing fee for a securities sales representative from \$60 to \$75. The budget includes \$1.2 million in additional revenues in FY 2012. The Department of Business Regulation annually licenses approximately 79,000 securities sales representatives nationwide. The Assembly concurred.

- **DBR: Increase Federal Covered Advisor Fee.** The Governor proposed legislation to increase the federally covered advisor licensing fee from \$250 to \$300. The budget includes \$41,000 in additional revenues. The Department of Business Regulation licenses 820 advisors registered in Rhode Island. A federally covered advisor is an investment advisor who manages assets in excess of \$25.0 million for other investors. The Assembly concurred.

- **Beach Parking Fees.** The Budget includes an additional \$1.5 million from the increase for daily and annual parking fees at state beaches. The Department of Environmental Management 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 27.0 percent of all daily parking fees collected from Memorial Day to Labor Day. The Budget contains legislation that lowers the reimbursement rate to 16.0 percent in order for the municipalities to continue to receive the same amount, with the additional revenues deposited as general revenues. The fee changes are shown below.

	FY 2011	FY 2012
Season Pass		
Resident	\$ 30.00	\$ 60.00
Senior Resident	\$ 15.00	\$ 30.00
Non-Resident	\$ 60.00	\$ 120.00
Senior Non-Resident	\$ 30.00	\$ 60.00
Daily Parking - Weekday		
Resident	\$ 6.00	\$ 10.00
Senior Resident	\$ 3.00	\$ 5.00
Non-Resident	\$ 12.00	\$ 20.00
Senior Non-Resident	\$ 6.00	\$ 10.00
Daily Parking - Weekend		
Resident	\$ 7.00	\$ 14.00
Senior Resident	\$ 3.50	\$ 7.00
Non-Resident	\$ 14.00	\$ 28.00
Senior Non-Resident	\$ 7.00	\$ 14.00

- **DCYF: Institute Fee for Background Clearances.** The Governor included \$110,000 in revenues from instituting a \$10 fee on background clearances for an adult who wishes to care for a child. The Department of Children, Youth and Families performs a review to identify if an adult has maltreated a child or if there has been other involvement with the Department that would disqualify the person from caring for a child. The Department estimated that it conducts 11,000 clearances each year for individuals seeking employment in licensed residential and child day care programs to become caregivers through private agencies, and to adopt children through private agencies. The Assembly concurred.

- **DHS: Hospital Licensing Fee.** The Governor recommended Article 19 to extend the licensing fee for FY 2012 at the current rate of 5.465 percent of net patient services revenue. His budget includes the enacted level of \$141.8 million in revenue, which is \$135.8 million from the community hospitals and \$6.0 million from Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates.

The Assembly added \$2.2 million from revenues resulting from updating the hospitals' base year to 2010 and reduced the licensing fee from 5.465 percent to 5.43 percent of net patient services revenue. Total license fees collected will be \$144.0 million including \$138.0 million from community hospital payments and \$6.0 million from Eleanor Slater Hospital.

- **DHS: New Work Support Strategies Grant.** The Governor requested an amendment to add revenues of \$250,000 and a corresponding expenditure for a new one year grant received from the Urban Institute to allow the state to assess its current operations and develop plans for testing new ways to provide more effective and streamlined approaches to delivering benefits to families, focusing on Medicaid, supplemental nutrition assistance, Rhode Island Works and child care benefits. The Assembly concurred and included both the revenues and expenditures for the grant.
- **DHS: Increase Veterans' Home Assessment.** The Governor's budget assumes revenues of \$0.8 million from increasing the monthly fee assessed to residents of the Veterans' Home from 80.0 percent to 100 percent of countable income. The resident would continue to retain a portion of any monthly payments received up to \$150, plus any other allowable disregards, and the state will retain the balance. The Governor's budget assumes the assessment increase would generate an additional \$1.0 million in FY 2012; the state would deposit 80.0 percent into the General Fund and the remaining 20.0 percent would be deposited into the Department of Veterans Affairs' restricted receipt account to be used for activities and operations at the Veterans' Home. The Assembly did not concur with the rate increase and reduced anticipated revenues accordingly.
- **DMV: Require Driving Record Abstracts.** The Governor's budget includes \$3.0 million in revenues from requiring insurance companies to use driving record abstracts at least every three years for rating and underwriting policies. The cost to obtain the record is \$17.50, including the \$1.50 technology surcharge. There is an additional convenience fee if records are obtained online. Currently, insurance companies have the option of using credit reports or the driving record abstracts. The Assembly did not concur.
- **DMV: No Sufficient Funds Check Return Fee.** The Governor's budget includes \$18,720 in revenues by allowing the Division of Motor Vehicles the authority to assess a fee up to \$50 on returned checks. The Division of Motor Vehicles indicated that it incurs \$3.71 in various fees whenever a check is returned for insufficient funds. The estimate assumes a fee of \$25. The Assembly concurred.
- **DMV: Increase Dealer Special Use Tags Fee.** Current law allows car dealers to purchase temporary registration plates in a packet of 10 at a fee of \$200, which equates to \$20 each. The dealership then assigns the temporary plate as cars are purchased. The Governor proposed legislation to allow the Division of Motor Vehicles to assess a fee not to exceed \$25 for each temporary registration plate. The Division indicated that it would maintain the fee of \$20, which would result in no change to revenues; however, the dealers would have to purchase the temporary plate from an online vendor, which could charge for a convenience fee up to \$5. The Assembly concurred.
- **DMV: Plate Issuance and Reissuance.** The 2009 Assembly enacted legislation to mandate that the state issue a general reissuance plate beginning on September 1, 2011 and no less than every 10 years. The state last conducted a general plate reissuance during 1996 and 1997, with the "wave" plate design. The cost for the plate printing, notification, staffing and mailing is estimated at \$4.9 million, resulting in a net loss of \$3.3 million. It is estimated that \$1.6 million would be generated from the recapture of unregistered vehicles. This is based on the assumption that 3.0 percent of vehicles are unregistered. The Governor proposed legislation to repeal the reissuance requirement. There are no revenue changes, since the November Revenue Conference did not estimate any revenue from this requirement; nor did any current service estimate include the expense. The Assembly concurred.
- **DOC: Offset Income Tax Refunds for Fees Owed.** The Governor's budget includes \$0.2 million in FY 2012 from the Department of Corrections revenues based on his proposal to allow the Division

of Taxation to offset tax refunds for debts owed. Currently, the Department has outstanding debts of \$3.8 million for home confinement, probation, parole and electronic monitoring. The Assembly concurred.

- **DOH: Influenza Hospitalization Surveillance.** The Governor's FY 2011 revised budget includes \$97,880 from general revenues from the contract to participate in the influenza hospitalization surveillance project, which concludes on May 3, 2011. Rhode Island will report pandemic and seasonal flu hospitalizations to the Council of State and Territorial Epidemiologists. The Assembly concurred.

- **DOH: Dissolution of Health Services Council.** The Governor proposed to dissolve the Health Services Council within the Department of Health and includes a revenue loss of \$0.4 million. The Council, for a fee, reviews and approves initial health care facility licensure, new medical services and equipment and any changes in ownership or control of any health care facility. There are offsetting expenditure savings. The Assembly did not concur and restored the funding.

- **DOR: 4.0 Percent Surcharge on Compassion Center.** The Budget assumes \$0.7 million in new revenues from a 4.0 percent surcharge on net patient revenues from three compassion centers to be established.

- **DOR: Letter of Good Standing Fee Increase.** The Governor's budget includes \$122,925 in revenues by increasing the fee to obtain a letter of good standing from the Division of Taxation from \$25 to \$50. In FY 2010, 4,197 letters of good standing were issued. The Assembly concurred.

- **DOR: Increase Estate Tax Filing Fee.** The Governor proposed legislation to increase the estate filing fee from \$25 to \$50 and includes an additional \$108,915 in revenues. This assumes 4,356 returns will be filed. The Assembly concurred.

- **DPS: Increase Fire Code Inspection Fee.** The Governor's FY 2012 budget includes \$40,000 in additional revenue from increasing the fire code inspection fee from \$100 to \$125, based on the Department's estimate of 1,600 annual fire code inspections. The Assembly did not concur.

- **Indirect Cost Recovery Telecommunications Access Fund.** The Governor's FY 2012 budget includes legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue to be deposited as restricted receipts. His budget includes \$74,160 in additional revenues from the 10.0 percent indirect cost recovery charge. The Assembly did not enact the proposed legislation and removed the \$74,160 in revenues that would have been generated from the indirect cost recovery charge.

Other Miscellaneous Revenue. The Governor also recommended other miscellaneous revenues of \$2.3 million in FY 2011 and \$3.5 million in FY 2012.

- **Rhode Island Resource Recovery Corporation Transfer.** The Budget includes the transfer of \$3.5 million from insurance settlement proceeds from the Rhode Island Resource Recovery Corporation to state general revenues in FY 2012. The Corporation was last required to make a transfer of \$7.5 million in FY 2009. It spread the payment over two years, including \$4.5 million in FY 2009 and \$3.0 million in FY 2010.

- ***Bond Proceeds from State Police Headquarters Project.*** The Governor's FY 2011 revised budget includes a transfer of \$2.3 million from unused bond proceeds from the State Police Headquarters project to the General Fund. There is an offsetting increase to debt service expenditures since that is how these proceeds were reflected in the enacted budget. The Assembly concurred.
- ***Land Sales.*** The Assembly enacted legislation to allow proceeds from land sales to be deposited into the Information Technology Fund, removing \$1.0 million from general revenues and converting it to restricted receipts.

Other Sources

- ***Motor Vehicles Registration, Licenses and Fees to Transportation.*** The Governor's budget assumes a five year phase-in of a plan to dedicate all motor vehicles registration, licenses and fees currently used as general revenues for transportation uses. The loss to general revenues would be \$12.0 million in FY 2012, \$24.4 million in FY 2013, \$37.2 million in FY 2014, \$50.5 million in FY 2015 and \$64.2 million in FY 2016. The funds will now be deposited into the Intermodal Surface Transportation Fund.

The Assembly did not concur with the Governor's plan, but instead included legislation that establishes a transportation trust fund and provides that incremental increases of transportation related surcharges will be dedicated to the fund, with the purpose of reducing the Department of Transportation's reliance on borrowing while transitioning to a pay-go system. The incremental increases will begin in FY 2014 until they reach their peak in FY 2016, when they will generate approximately \$20 million annually. These funds will be combined with a dedicated annual stream of \$20 million from Rhode Island Capital Plan funds, which will together provide the \$40 million of annual state matching funds for transportation funding that is currently generated through debt issuance.

Lottery

- ***Lottery Revenues.*** The Assembly included \$1.0 million in additional revenue available from reduced operating expenses at the Lottery.
- ***Lincoln 24-7 Payments.*** The Assembly extended the provision to allow host communities for Twin River and Newport Grand to receive an enhanced share of revenues from those generated during extended hours of operation. While the authorization to operate 24 hours a day, seven days a week is permanent, the provision for an enhanced local share was due to sunset in FY 2011. This extension results in additional revenues of \$0.8 million for the Town of Lincoln based on current estimates.
- ***VLT Enhanced Marketing & Promotion.*** The Assembly removed the income earnings threshold for Newport Grand in order for the state to share in a portion of marketing costs. It lowered Lottery revenues by \$163,000 in FY 2011 and \$272,000 in FY 2012 to reflect this change.

Restricted Receipts

- ***Meals and Beverage Tax.*** The Governor's budget assumes taxpayers would not see a change to the amount of total taxes paid on meals and beverages. The 1.0 percent difference as a result of lowering the general sales tax, estimated to be \$19.3 million, will still be collected by doubling the current 1.0 percent meals and beverage tax. That additional 1.0 percent would go into a separate restricted fund to support the Municipal Accountability, Stability and Transparency Fund to encourage municipalities to address unfunded liabilities for pensions and Other Post Employment Benefits. The Assembly did not

concur with this proposal; however, it adopted legislation to increase the meals and beverage tax from 1.0 percent to 1.5 percent in the event Congress enacts legislation to require remote sellers collect and remit taxes.

- ***Hotel/Room and Lodging Rental.*** The Governor's budget assumes no change to the amount of total taxes paid on hotel rooms. The 1.0 percent difference as a result of lowering the general sales tax, estimated to be \$2.6 million, will still be collected but go into a separate restricted fund to be used for tourism related improvements. Estimated revenues total \$2.1 million. The Assembly did not concur with this proposal; however, it adopted legislation to increase the hotel tax from 1.0 percent to 1.5 percent in the event Congress enacts legislation to require remote sellers to collect and remit taxes.

- ***Children's Health Account.*** The Governor's budget includes additional restricted receipt revenues of \$4.2 million, which directly offset general revenue expenditures from increasing the maximum assessment on insurers for certain home and community based treatment services from \$6,000 to \$7,500 and further defines the services to be assessed. The Assembly concurred.

- ***Local Education Agencies to Pay Education Costs at Training School.*** The Governor's budget includes \$2.1 million in revenues from requiring Local Education Agencies to finance the educational expenses of children in the juvenile justice system. Currently, cities and towns finance educational expenses for non-adjudicated children in programs with on-site school programs. The city or town deemed responsible must pay the per-pupil special education cost to the Department of Children, Youth and Families or to the facility providing the education. This includes programs at the Thomas C. Slater Training School, Camp E-Hun-Tee, the North American Family Institute, and Ocean Tides. The Assembly did not concur.

- ***Telecommunications Access Fund.*** The Governor's FY 2012 budget includes legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue to support libraries and schools acquiring, installing and using telecommunications technologies to access the Internet. Although the wireless customers are not currently charged for this expense, they do pay a different \$0.26 charge that goes to general revenues. The Assembly did not enact the proposed legislation and provided \$350,000 from general revenues to support the program for FY 2012.

- ***Local Education Aid for the Davies Career and Technical School.*** Beginning with FY 2012, the Davies Career and Technical School will be funded pursuant to the new education funding formula adopted by the 2010 Assembly. Davies will be funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil contribution of the sending district. The Governor created a restricted receipt account for the local contribution and estimated that Davies will collect \$0.7 million in local tuition for FY 2012 based on student enrollment data as of June 30, 2010. The Assembly concurred.

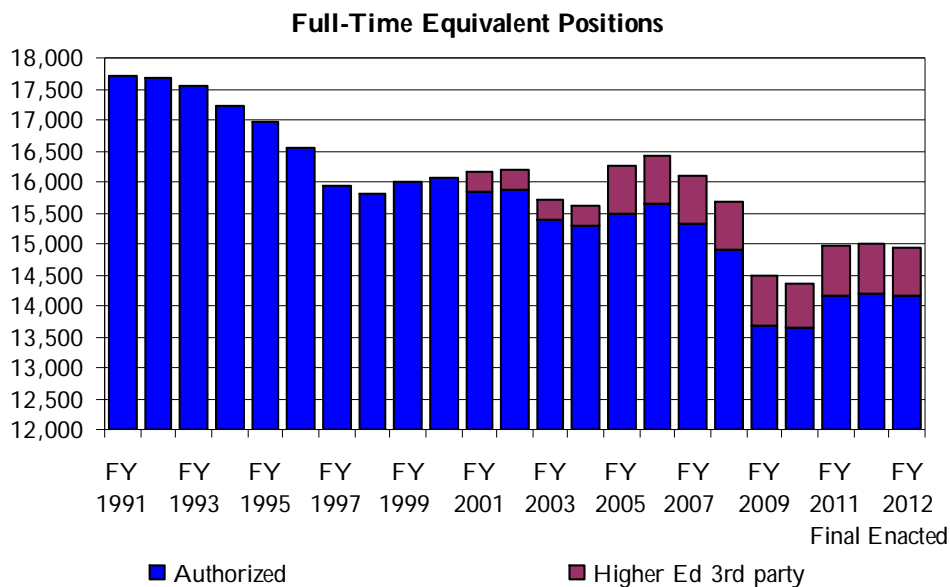
- ***Increase Veterans' Home Assessment.*** The Governor's budget assumes revenues of \$0.2 million into the Veterans' Home restricted receipt account from the state increasing the monthly fee assessed to residents of the Veterans' Home from 80.0 percent to 100 percent of countable income. The resident would continue to retain a portion of any monthly payments received up to \$150, plus any other allowable disregards, and the state will retain the balance. His budget assumes the assessment increase will generate an additional \$1.0 million in FY 2012; the state will deposit 80 percent into the General Fund and the remaining 20 percent will be deposited into the Department's current restricted receipt account to be used for activities and operations at the Home. The Assembly did not concur with the rate increase and reduced anticipated revenues accordingly.

State Government Personnel and Staffing

Summary

The Governor recommended \$1,734.5 million for personnel expenditures and 14,990.6 full-time equivalent positions, including 785.0 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$72.7 million and 163.0 positions more than the FY 2011 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

The Assembly adopted \$1,711.4 million for personnel expenditures and 14,942.2 full-time equivalent positions, including 776.2 higher education positions dedicated for research or supported by other third-party funds. This is \$49.3 million more and 114.6 positions more than the FY 2011 enacted budget.

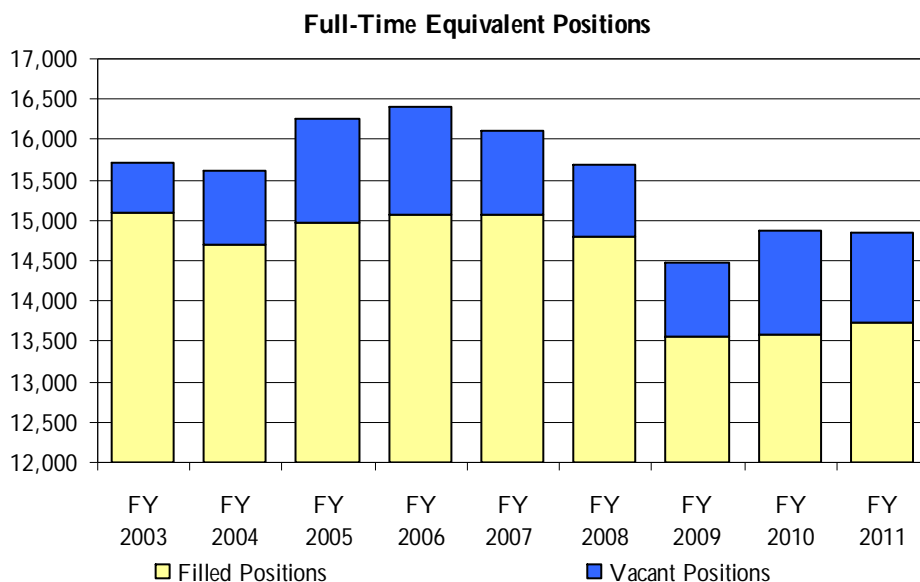


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or individuals in training requisite to employment, such as state trooper classes. Generally agencies do not fill all authorized positions because of various reasons, such as hiring freezes or budgeted turnover savings. Turnover is budgeting less money than needed for full staffing. Turnover savings result from the gap in time from when an employee leaves state service and a new employee is hired at a lower cost or from when a department leaves a position vacant to achieve a certain level of savings.

The chart on the next page shows the staffing levels from FY 2003 through FY 2011. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 due to a hiring freeze.

- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third party funds. There are consistent vacancies within this group of positions.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a 5.0 percent reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



- In addition to eliminating positions through the privatization of food and housekeeping services during FY 2008, the Governor proposed laying off state employees. The Assembly did not concur with the lay-offs; instead it met the proposed savings through the elimination of vacant positions, for a total reduction of 523.4 positions.
- In FY 2009, the Governor again included an initiative to privatize several state government functions to eliminate 243.0 positions. The Assembly did not concur with the proposal and restored the positions.
- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant amount of state employees to retire. As of December 6, 2007 there were 14,917.8 filled positions compared to December 8, 2008 when there were 13,302.1 filled positions.
- The slight increase in FY 2010 is due to the need to fill vacant positions and the addition of positions funded through the American Recovery and Reinvestment Act; however, many positions remained vacant because of the need to achieve a 6.25 percent across the board reduction.

The FY 2011 enacted budget includes authorization for 14,827.6 positions, but the funding does not allow all of the positions to be filled. The Governor's FY 2011 revised recommendation adds 180 positions, but he assumed turnover savings equivalent to 576 positions, leaving funds for approximately 14,432 positions. As of February 26, 2011 there was an average of 13,698.7 positions filled. Turnover in his FY 2012 recommendation is equivalent to 701 positions, leaving 14,290 positions funded.

It is important to note the Governor's savings include a 3.0 percent reduction to staffing costs for cabinet agencies, excluding Higher Education and a 2.0 percent reduction to elected officials, the Legislature, and the Judiciary for savings of \$19.6 million or approximately 208 positions in FY 2012. Similar unidentified savings totaling \$3.2 million are included in his FY 2011 recommendation. The Assembly included additional turnover savings of \$3.5 million in FY 2011 and \$3.1 million in FY 2012, which is equivalent to 38 positions in FY 2011 and 33 positions in FY 2012.

Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract.

The Governor's personnel recommendation includes \$1,502.8 million for salaries and benefits and \$231.7 million for contracted services. These expenditures represent an increase of \$72.7 million, or 4.4 percent, from the FY 2011 enacted budget. Salaries and benefits increase by \$63.2 million, or 4.4 percent and contracted services increase by \$9.5 million, or 4.3 percent. General revenue expenses for salaries and benefits increase by 6.5 percent and contracted services decrease by 3.9 percent. The data are shown in the following table and do not include personnel costs funded from internal service funds.

FY 2012 Governor	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 511,931,320	\$ 170,519,469	\$ 34,915,471	\$ 273,982,564	\$ 991,348,824
Benefits	283,883,317	101,302,068	19,883,248	106,392,372	511,461,005
Total Salaries and Benefits	\$ 795,814,637	\$ 271,821,537	\$ 54,798,719	\$ 380,374,936	\$ 1,502,809,829
Contracted Services	45,965,198	137,774,153	28,479,260	19,517,300	231,735,911
Total Personnel	\$ 841,779,835	\$ 409,595,690	\$ 83,277,979	\$ 399,892,236	\$ 1,734,545,740

Internal service funds, often called rotary accounts, are established to finance and account for the operations of certain overhead type programs that provide services to other state agencies on a charge for services basis. The expenditures appear as state operations costs in the agencies being charged, and are not included in the statewide personnel totals to prevent double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2007 enacted budget. The 2009 Assembly included the Governor's proposal to convert the central laundry and pharmacy internal service funds into direct appropriations in FY 2010.

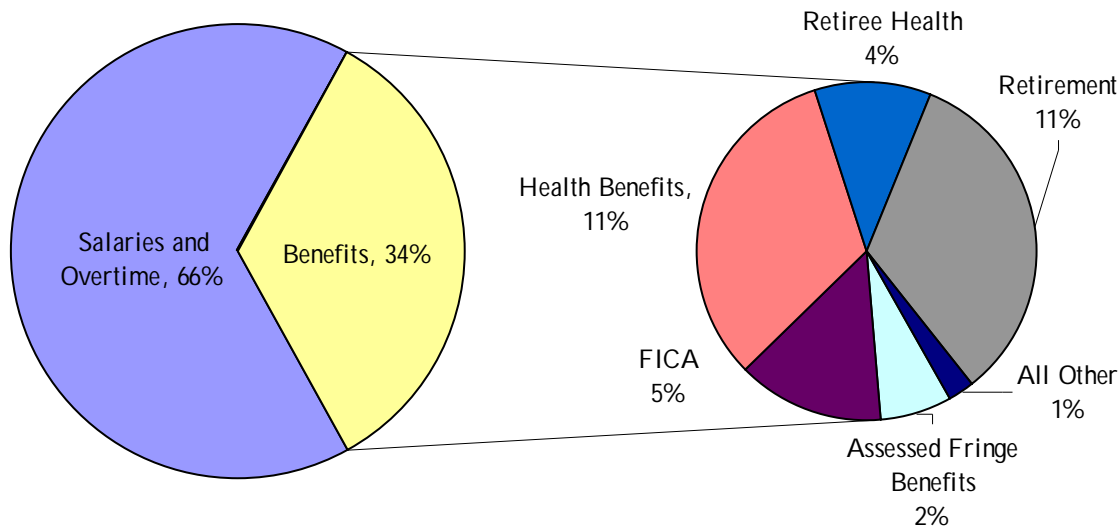
The Assembly included \$1,475.9 million for salaries and benefits and \$235.5 million for contracted services. This is \$49.3 million more than enacted and \$23.2 million less than the Governor.

FY 2012 Enacted	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 499,423,105	\$ 165,677,534	\$ 34,899,756	\$ 273,982,564	\$ 973,982,959
Benefits	276,916,011	98,712,573	19,861,078	106,392,372	501,882,034
Total Salaries and Benefits	\$ 776,339,116	\$ 264,390,107	\$ 54,760,834	\$ 380,374,936	\$ 1,475,864,993
Contracted Services	45,645,944	142,022,829	28,484,260	19,367,300	235,520,333
Total Personnel	\$ 821,985,060	\$ 406,412,936	\$ 83,245,094	\$ 399,742,236	\$ 1,711,385,326

There are three divisions of state service, classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions that require licenses, certificates, or registrations. Positions may also be unclassified or non-classified. Positions in the unclassified service are established by law and are subject to compliance with standards of the Federal Government and regulations set forth by the state's Personnel Administrator. Positions in this category generally include the employees of elected officials, courts, boards and commissions, both houses of the general assembly, department directors, and various positions of a policy making character. All appointments are made by the appointing authorities or the Governor in accordance with the provisions of the laws governing such appointments and the personnel rules adopted for the unclassified service. Positions within the non-classified service are covered under contract terms for the Board of Governors for Higher Education and include senior administrative staff, as well as faculty. Employee status refers to an employee's protection during reorganizations or layoffs.

When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996 will have statutory status when they reach 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganization or layoffs. If a state employee is also a veteran, statutory status will be acquired after 15 years of service. Currently there are 3,660 employees with statutory status, including 217 employees which were eligible through the veteran provision.

FY 2012 Enacted Salaries and Benefits



Salaries and benefits make up 86.2 percent of personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits.

The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the table is described in further detail in the paragraphs that follow.

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

The following table shows the years that an employee is eligible for these increases. The Governor included Article 8 of 2011-H 5894 to freeze longevity increases for certain Board of Regents employees. The Assembly concurred and added language to freeze longevity increases for all employees effective July 1 or upon expiration of all current contracts where applicable.

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

Collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade, for example if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770. The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries.

Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	

Overtime. Overtime expenses make up 3.1 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by Higher Education.

Overtime - FY 2012 Enacted	
Corrections	43.3%
Higher Education	11.3%
Public Safety	8.6%
Children, Youth and Families	8.6%
Human Services	7.6%
Behavioral Healthcare, Developmental Disabilities and Hospitals	7.2%
Transportation	6.5%
All Others	6.9%
Total	100.0%

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. During FY 2005, employees began contributing to the cost of this health care. Some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently an employee's contribution depends on his or her salary and the type of plan chosen. The following table shows the cost of health benefits and the state/employee co-shares for FY 2012 for both individual and family plans.

<i>FY 2012 Enacted</i>	Salary Ranges					
	Below \$47,741		\$47,741 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Annual Cost of Benefits	\$ 7,024	\$ 19,629	\$ 7,024	\$ 19,629	\$ 7,024	\$ 19,629
% of Premium: State	80.0%	85.0%	0.8	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 5,619	\$ 16,685	\$ 5,619	\$ 15,703	\$ 5,268	\$ 14,722
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,405	\$ 2,944	\$ 1,405	\$ 3,926	\$ 1,756	\$ 4,907

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average per benefit type. The FY 2011 revised request and the FY 2012 request are from the Budget Office instructions. The Assembly concurred with the Governor's recommendation which is lower than the planning values because of a one-time federal reimbursement to employment based health plans to be used to offset premium increases for both active and retired employees. The Assembly also included \$3.0 million in general revenue savings from a statewide medical benefit holiday based on an amendment requested by the Governor noting that the premiums would generate more funding than required.

Weighted Average	FY 2011 Enacted	FY 2011 Rev. Req.	FY 2011 Final	FY 2012 Request	FY 2012 Enacted
Medical	\$ 12,864	\$ 14,291	\$ 14,291	\$ 15,506	\$ 14,730
Dental	153	148	148	154	154
Vision	807	807	796	838	838
Total	\$ 13,824	\$ 15,246	\$ 15,235	\$ 16,498	\$ 15,722

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver has been \$2,002 through FY 2011; however, it is reduced to \$1,501 in FY 2012. The Budget Office planning values included a waiver of \$1,001; however, the

recommendation restores 50.0 percent of the funding because the Budget Office determined that the FY 2012 payment is based on one half of the \$2,002 waiver and one half of the \$1,001 waiver.

Retirement. Participation in Rhode Island’s defined benefit plan is mandatory for all state employees, except for certain higher education employees who participate in a defined contribution plan. Under the current plan, state employees must be 62 years old to retire. The salary basis is the five highest consecutive years and cost-of-living adjustments are limited to the first \$35,000 of a pension, indexed to inflation but capped at 3.0 percent beginning on the later of the employee’s third anniversary of retirement or age 65. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to eliminate the fluctuations in agency budgets that result from workers’ compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues. The rate for most employees is 4.0 percent for FY 2012; however, the rate for Public Safety and Workers’ Compensation Investigations Unit personnel is 1.9 percent and the rate for Higher Education faculty is 3.49 percent. The following table shows the rates from FY 2000 to the present.

Assessed Fringe Benefit History													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
% of Salary	0.17	3.14	3.14	3.80	3.78	4.10	4.20	3.52	3.90	3.80	3.90	4.00	4.00

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2012, the estimated salary limit is \$116,100. There is no salary limit for the Medicare portion.

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

Total Costs. The true cost of two employees who have salaries of \$50,000 and \$100,000 and a family health plan in FY 2012 is broken out in the next table. Each of the items included in the table was described in detail in the previous sections.

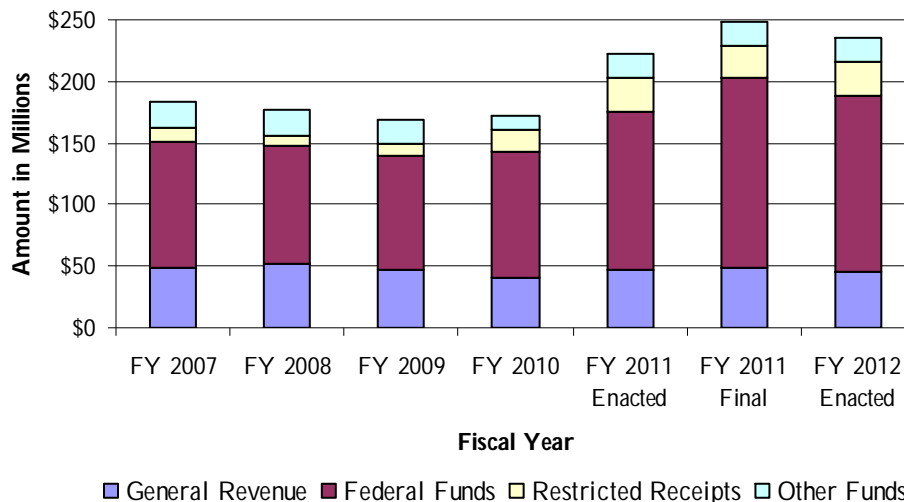
Cost of a Position - FY 2012 Enacted				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
Assessed Fringe	2,000	4.0%	4,000	4.0%
FICA	3,825	7.7%	7,650	7.7%
Retiree Health	3,200	6.4%	6,400	6.4%
Retirement	11,490	23.0%	22,980	23.0%
Subtotal	\$ 20,515	41.0%	\$ 41,030	41.0%
Health Benefits	19,629	Family Plan	19,629	Family Plan
Total % co-share	(3,926)		(4,907)	
Subtotal Benefits	\$ 36,218	72.4%	\$ 55,752	55.8%
Total Cost	\$ 86,218		\$ 155,752	

Contracted Services. Contracted services make up the remaining 13.8 percent of personnel costs. The Governor's FY 2012 budget includes \$231.7 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. By fund source, 59.5 percent of the expenses are supported by federal grants and 19.8 percent are funded from general revenues. The Department of Human Services accounts for nearly one fourth of all of these expenses from all sources as well as those exclusively funded from general revenues.

The Assembly included \$235.5 million from all sources, including \$45.6 million from general revenues, \$142.0 million from federal funds, \$28.5 million from restricted receipts, and \$19.4 million from other funds. Federal funds are \$4.2 million more than the Governor's recommendation, offset by reductions to general revenues and other funds. The majority of the federal fund increase is included in the Department of Business Regulation's budget for the design and implementation of a state health insurance exchange.

The following chart shows the costs of contracted services from FY 2007 through FY 2012. The total cost has remained relatively consistent through FY 2007 to FY 2010; however, there is a decline in the amount of general revenues spent over time.

Contracted Services, FY 2007 to FY 2012

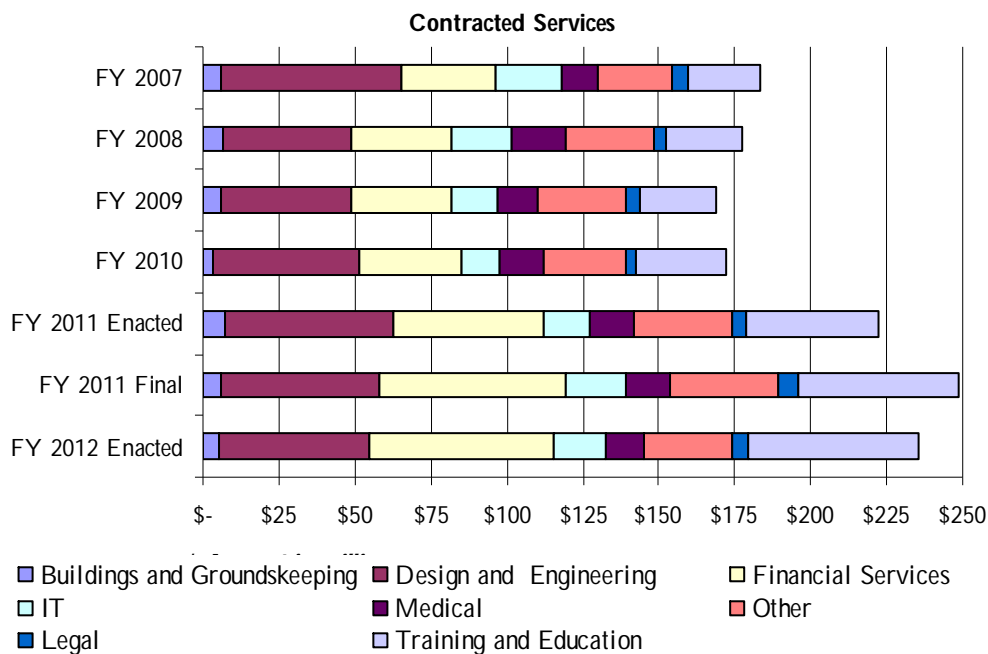


Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contract services they purchase. The 2007 Assembly added language to the general laws to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007 without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing.

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

The following table shows the types of services provided by outside contractors from FY 2007 to FY 2012. The majority of the expenditures are spent on design and engineering services and management and consultant services. The smallest area of spending is legal services. The majority of the federal fund increase in FY 2012 is for staffing of several programs through the Department of Health and Race to the Top stimulus funding in the Department of Elementary and Secondary Education, as well as additional federal funds for the state health insurance exchange in the Department of Business Regulation.

The increase in FY 2011 from the enacted is also related to several programs through the Department of Health and Race to the Top stimulus funding in the Department of Elementary and Secondary Education, as well as additional stimulus funding in the Coastal Resources Management Council and the Department of Environmental Management.



Personnel Initiatives

The FY 2011 and FY 2012 budgets include several initiatives affecting personnel costs, including revisions to pension contributions, across the board savings, and adjustments to medical benefits. These are described in the paragraphs that follow.

- **Employee Pension Contributions.** The Governor proposed that effective July 1, 2011, state employees and teachers contribute 11.75 percent towards pension benefits. State employees currently contribute 8.75 percent and teachers contribute 9.5 percent and those rates are set in statute. The additional funds will be used to pay down the unfunded liability in the system; there would be no reduction in the employer share and the budget assumes no savings from this proposal. The Assembly did not concur as it intends to consider proposals on more comprehensive changes to the retirement system from the General Treasurer in a special fall session.

- **Medical Benefit Holiday.** The Budget includes general revenue savings of \$3.0 million from a statewide medical benefit holiday in FY 2012. Subsequent to the Governor’s budget submission, it was determined that the estimated health insurance premium would generate more funding than is required. This allows the state to suspend the charges to agencies and employees for one pay period in FY 2012 to recoup these savings. Medical benefits were discussed in detail previously in this report.

- **Longevity.** The Assembly included legislation that ends new longevity payments for all state employees effective July 1, 2011 or upon the expiration of any current collective bargained contract. Employees would continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non union staff. Non-classified employees of the Board of Governors, Board of Regents and Public Telecommunications Authority receive longevity payments of 5 percent after 10 years and 10 percent after 20 years pursuant to three different sections of the General Laws. The out year estimate for FY 2013 includes savings of \$4.0 million from this action.

- **Statewide Savings.** The Budget includes unidentified statewide personnel savings in both FY 2011 and FY 2012. For FY 2012, the Governor recommended a 3.0 percent reduction to cabinet agencies, excluding Higher Education and a 2.0 percent reduction to elected officials, the Legislature, and the Judiciary for savings of \$19.6 million. Similar savings totaling \$3.2 million are included in the FY 2011 revised budget. The following table identifies the savings in each fiscal year. The Assembly concurred.

Unidentified Statewide Savings Summary					
Salaries and Benefits	FY 2011 Reduction		FY 2012 Reduction		Total
Cabinet Agencies (Excl. Higher Ed.)	0.5%	\$ 2,573,878	3.0%	\$ 16,984,484	\$ 19,558,362
Elected Officials, Leg, Judiciary	0.5%	619,547	2.0%	2,660,208	3,279,755
Total Salaries and Benefits		\$ 3,193,425		\$ 19,644,692	\$ 22,838,117

- **Medical Benefits.** The Governor’s FY 2012 budget includes savings of \$8.2 million from all sources, including \$4.3 million from general revenues from two initiatives to reduce medical benefit costs for current employees and retirees. Recently, the state has received approval from the federal government to participate in the Early Retiree Reimbursement Program through the Affordable Health Care Act. This program provides a one-time reimbursement to employment based expenses it incurs for early retiree health plans to be used to offset premium increases. Since the state provides a single benefit plan, it is required to use the reimbursement across both active and retiree health plans. The Governor also included an initiative that encourages members who are on select non-specialty medications, commonly referred to as Tier 3, to fill their prescriptions through the mail or switch to a

lower cost option. Members on selected medications will receive two grace period refills of the higher cost Tier 3 medicine at their retail pharmacy. Members on specialty medications do not have to switch to generic drugs; they are encouraged to order their medications through the mail as well. The Office of Employee Benefits indicates that during this grace period, members on non-specialty medications will receive letters and phone calls to inform them of the program and the low cost alternatives. Additionally, the dispensing pharmacist will inform the member of the low cost alternatives. If the member does not switch to a low cost alternative, he/she will continue to access the original prescription by mail order.

FY 2012 Statewide Medical Benefit Savings		
	General Revenues	All Funds
One-time Early Retiree Reimbursement Prog.	\$ 3,945,525	\$ 7,687,955
New United Healthcare Programs	352,437	561,366
Total Savings	\$ 4,297,962	\$ 8,249,321

The savings are reflected as a reduction to the benefit rates for each employee. The Assembly concurred.

Recent Compensation and Benefit Revisions

The FY 2010 and FY 2011 budgets included several initiatives affecting personnel costs including savings from reducing retirement benefits and implementing pay reductions for state employees. The budgets also included a statutory requirement to move to an actuarial basis for retiree health costs. These are described in the paragraphs that follow, along with the Assembly's action on those items.

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

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

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

- **Pay Reductions.** The 2010 Assembly included two initiatives negotiated with employee unions to generate personnel savings. The first was to implement eight pay reduction days in FY 2010 and four pay reduction days in FY 2011. The Department of Administration entered into negotiations with collective bargaining units in the summer of 2009 to reach an agreement to achieve savings while avoiding layoffs. For each pay reduction day, an employee will accrue one and one quarter additional

days of paid leave, for a maximum of ten days in FY 2010 and five days in FY 2011. The employee may request to discharge this leave day during any pay period following the period in which it was earned or the employee may elect to receive a cash payment upon termination of state employment. The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings end for FY 2012 and the contract calls for a 3.0 percent increase effective July 1, 2011.

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

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2011 revised and FY 2012 sections of the *Budget as Enacted*.

Distribution of Positions

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

FY 2012 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2011 Enacted</i>	2,479.4	3,560.6	4,568.9	3,000.5	446.0	772.2	14,827.6
FY 2011 Prog. Changes & Transfers	1.0	29.0	-	-	-	-	30.0
Stimulus	(42.0)	-	-	-	-	-	(42.0)
Transfers	(179.0)	(6.0)	-	180.0	-	-	(5.0)
New Positions	13.1	62.0	99.1	-	(6.0)	0.4	168.6
Other Program Changes	(2.2)	(28.9)	(14.6)	8.7	-	-	(37.0)
Total Change to Enacted	(209.1)	56.1	84.5	188.7	(6.0)	0.4	114.6
FY 2012 Enacted	2,270.3	3,616.7	4,653.4	3,189.2	440.0	772.6	14,942.2

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2011 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.4 percent of all positions.

The Budget includes 2,270.3 full-time equivalent positions for general government agencies, 15.2 percent of the distributed positions. This is a decrease of 209.1 full-time equivalent positions compared to the FY 2011 enacted budget, primarily from the elimination of workforce development and unemployment insurance claims processing positions and the transfer of the Sheriffs from the Department of Administration to the Department of Public Safety.

The Budget provides 3,616.7 full-time equivalent positions for human services, or 24.2 percent of all distributed positions. This is 56.1 more positions than the FY 2011 enacted budget, primarily from an

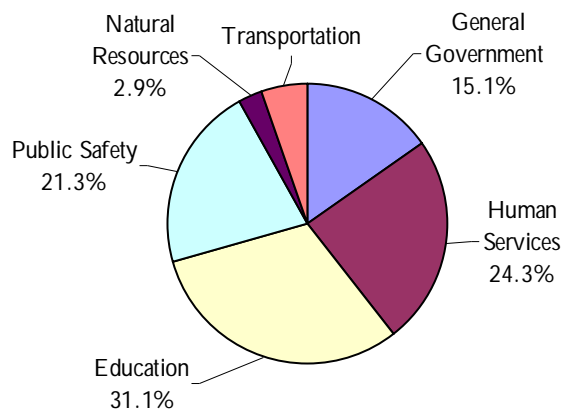
increase of federally funded positions in the Departments of Human Services and Health. This is offset by the elimination of vacant positions in the Department of Children, Youth and Families.

The Budget includes 4,653.4 full-time equivalent positions for education, 31.1 percent of all distributed positions. This is 84.5 more positions than the FY 2011 enacted budget, primarily from additional Race to the Top positions and new teaching and student support staff at Rhode Island College and the Community College of Rhode Island. The total includes 776.2 higher education positions that are dedicated for research or supported by other third party funds.

There are 3,189.2 full-time equivalent positions for public safety agencies, 21.3 percent of all distributed positions. This is 188.7 more positions than the FY 2011 authorized level, primarily from the transfer of the Sheriffs from the Department of Administration to the Department of Public Safety.

The Budget provides 440.0 full-time equivalent positions for natural resources agencies, 6.0 positions less than the enacted level to reflect the shift of Water Resources Board to Statewide Planning. The Budget provides 772.6 full-time equivalent positions for transportation, 0.4 more positions than the FY 2011 authorized level.

Staffing by Function



Program Changes to FY 2011 Enacted Staffing Levels

Administration. The Governor recommended 873.6 full-time positions for FY 2011, 2.0 positions more than the authorized level. He included a number of transfers within department functions, including shifting a current vacancy from Accounts and Control to the Division of Purchasing to administer transportation related procurement and two transfers from the Office of Energy Resources to the Division of Legal Services and Statewide Planning. The recommendation reflects the elimination of a vacant position from the Division of Information Technology and adds three positions, one in the State Budget Office and two new positions, including an executive director and an assistant to the executive director, in Central Management.

He recommended 693.6 positions for FY 2012, 180.0 positions less than his revised budget to reflect the transfer of the Sheriffs to the Department of Public Safety, in addition to all his revised budget changes.

The Assembly authorized 871.6 positions in FY 2011 and 694.6 positions in FY 2012. It included 3.0 positions from the merger of the Water Resources Board into the Division of Planning and added 2.0 positions for janitorial services at the State House. It transferred 2.0 positions from Facilities Management to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for group home related functions. It did not concur with the Governor's recommendation for 2.0 new positions.

Business Regulation. The Governor recommended 93.0 full-time equivalent positions, 3.0 more than the enacted level. The additional 3.0 positions are funded through federal grants to manage the rate review process and review financial statements and rate filings of commercial health insurers in Rhode Island. The Assembly concurred and included an additional 3.0 full-time equivalent positions to assist in the implementation of the federal Affordability Care Act.

Labor and Training. The Governor recommended 470.2 full-time equivalent positions, which is 49.2 positions less than enacted and 59.2 positions more than requested. This includes a reduction of 42.0 stimulus and emergency temporary assistance to needy families funded positions and the elimination of 7.2 vacant positions. The recommendation does not eliminate the 73.8 income support positions excluded from the Department's budget request, since additional funding became available to support these positions after the request was submitted. The Assembly concurred.

Revenue. The Governor recommended FY 2011 and FY 2012 staffing of 428.5 full-time equivalent positions, 2.5 more positions than enacted. The recommendation reflects the conversion of a half position to a full position for a customer service representative in the Registry of Motor Vehicles and adds 2.0 full-time positions to assist the state appointed receiver in Central Falls.

The Assembly authorized 426.5 positions for FY 2011 and 434.5 positions for FY 2012. It did not provide staffing to assist the receiver. In FY 2012, it added 4.0 revenue agents, 2.0 positions to assist with the administration of some tax changes and 2.0 positions in the Division of Motor Vehicles.

Legislature. The Governor recommended 298.5 full-time equivalent positions for FY 2011 and FY 2012. This is 2.6 positions more than enacted. The Assembly concurred.

Lieutenant Governor. The Governor included 7.0 positions, which is 1.0 less than enacted to reflect the elimination of a vacant position. The Assembly included 1.0 additional position to assist in the implementation of the federal Affordability Care Act.

Office of Health and Human Services. The Governor included 149.0 positions, which is 73.4 more than enacted. He transferred 80.0 administrative and policy positions from the Department of Human Services' Medicaid program. He also realigned positions within the departments under the office's umbrella resulting in a net transfer of 9.6 positions back to the individual agencies and also adds 3.0 new positions. The Assembly concurred.

Children, Youth and Families. The Governor included 662.5 full-time equivalent positions, which is 28.5 less than enacted. He eliminated 30.5 positions to be achieved through attrition resulting from the consolidation of the girl's training school into the boy's facility and program reductions. He also added 2.0 positions transferred from the Office of Health and Human Services. The Assembly concurred.

Elderly Affairs. The Governor included 32.0 positions, which is 1.0 more than enacted to reflect the transfer of 3.0 positions from the Office of Health and Human Services and 2.0 positions to the Office. The Assembly merged the Department of Elderly Affairs with the Department of Human Services and included 30.0 positions for the Division of Elderly Affairs.

Health. The Governor recommended 473.3 positions, 62.6 more than the FY 2011 authorized level. He included 46.0 new federally funded positions and transferred 12.0 positions from the Department of Human Services for the Women, Infants and Children program. He also shifted 4.6 positions from the Office of Health and Human Services. The Assembly included only 17.0 new positions, shifted 4.0 HIV/AIDS positions to the Department of Human Services, and maintained the Women, Infants and Children program in the Department of Human Services.

Human Services. The Governor recommended 674.0 positions, which is 289.6 less than enacted. He included 32.0 new federally funded positions and 5.0 new general revenue funded positions. He also shifted 12.0 positions back to the Department of Health for the Women, Infants and Children program, 229.2 positions to the new Department of Veterans' Affairs, 84.0 positions to the Office of Health and Human Services, and eliminated 4.4 positions.

The Assembly authorized 984.2 positions. It included 30.0 positions to reflect the merged Department of Elderly Affairs, 16.0 positions from the Department of Health for the HIV/AIDS and Women, Infants and Children programs. It maintained 264.2 positions for the Division of Veterans' Affairs, added 6.0 positions for the Rhode Island Works program and 1.0 position to assist the Department revise its transportation standards and practices. It also eliminated 7.0 additional vacant positions.

Veterans' Affairs. The Governor recommended 268.2 positions for the new Department, which is 39.0 more than enacted for the Division of Veterans Affairs within the Department of Human Services. This includes 4.0 new positions, including a Director, for the full year and 35.0 clinical positions in the final four months of FY 2012 in preparation for increasing the census in FY 2013. The Assembly added the 35.0 clinical positions and the Director, but maintained the Veterans' Affairs as a Division of the Department of Human Services.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommended 1,376.2 positions, which is 4.0 more than enacted transferred from the Office of Health and Human Services. The Assembly added 2.0 positions transferred from the Department of Administration's Division of Facilities Management for group home related functions.

Elementary and Secondary Education. The Governor recommended 22.0 new full-time equivalent positions in FY 2011 and FY 2012 to be funded from federal Race to the Top funds. The new positions are time-limited for the four years that the grant funding will be available. The Governor also recommended 1.0 general revenue funded position to work on the uniform chart of accounts initiative. The Assembly concurred.

Public Higher Education. The Governor included 4,234.6 positions, which is 82.5 more than enacted. He added 17.5 new faculty positions at Rhode Island College and 65.0 new positions at the Community College, including 3.0 positions for workforce development coordination and 62.0 teaching and support positions. The Assembly authorized 4,214.6 positions, which is 15.0 fewer positions at the Community College and 5.0 fewer positions at the Office of Higher Education to reflect its intent to reorganize the administrative function.

Public Telecommunications Authority. The Assembly authorized 15.0 full-time equivalent positions. This is 1.0 less than enacted to reflect the elimination of a vacant position.

Military. The Governor recommended 117.0 positions, which is 6.0 more than enacted to reflect new firefighters funded from federal sources. The Assembly concurred.

Public Safety. The Governor recommended 603.2 positions, which is 180.1 more than enacted. He transferred 180.0 sheriffs from the Department of Administration and included 0.1 for an adjustment to a part-time position. The Assembly concurred and provided 2.6 additional positions to assist with the transfer of the Sheriffs.

State Water Resources Board. The Assembly removed all 6.0 positions from the Water Resources Board to reflect the merger of the Board with the Division of Statewide Planning in the Department of Administration.

Transportation. The Governor recommended 772.6 full-time equivalent positions, 0.4 more than enacted. The increase reflects a part-time legal counsel position being upgraded to a full-time position. The Assembly concurred.

Medicaid

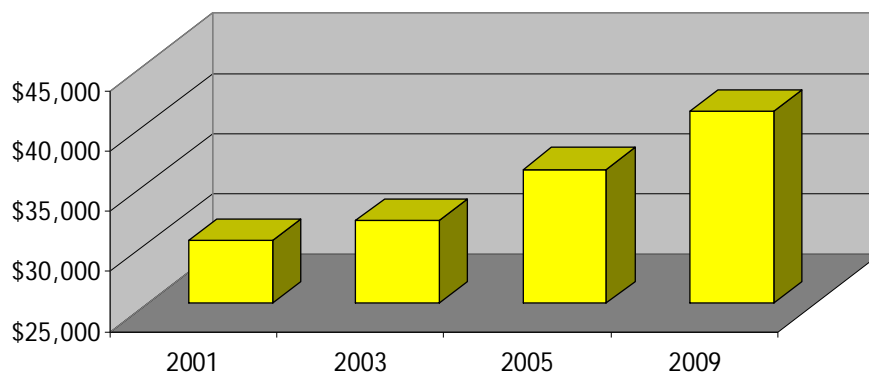
Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of a state's expenditure for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share.

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

FY 2012 Enacted	General Revenues	All Funds	% of Medicaid
Human Services	\$ 764,969,243	\$ 1,679,970,934	77.8%
BHDDH	171,632,590	382,778,860	17.7%
Children, Youth and Families	47,485,769	84,408,362	3.9%
OHHS	4,115,732	9,326,557	0.4%
Health	826,933	2,156,535	0.1%
Total	\$ 989,030,267	\$ 2,158,641,248	100%

Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a separate Medicaid rate. The formula that determines an individual state's Medicaid rate is based on that state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that the federal contribution to any state's program administration for Medicaid services is set at 50.0 percent. The following includes the change in the state's per capita income during four calendar years.

State of Rhode Island Per Capita Personal Income



Medicaid – Enhanced Rate. The Federal Medical Assistance Percentage rate not only determines the state and federal share of Medicaid, the state’s largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the Enhanced Federal Medical Assistance Percentage rate, the federal matching rate for the Children’s Health Insurance Program (CHIP). The enhanced Medicaid rate is 30.0 percent higher than the Federal Medical Assistance Percentage rate. As a state’s Medicaid rate may increase or decrease depending on the adjustment to a state’s per capita income, so does the enhanced Medicaid rate.

The American Recovery and Reinvestment Act of 2009. The federal stimulus package provides for temporary increases in the Medicaid rates to provide fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The enhanced rate took effect October 1, 2008 and the state is expected to save approximately \$524.1 million over ten fiscal quarters: \$149.6 million in FY 2009, \$203.1 million for FY 2010, and projected savings of \$171.4 million for FY 2011.

It should be noted that the FY 2011 enacted budget was based on an anticipated enhanced Medicaid rate of 64.19 for the entire fiscal year for savings of \$215.1 million. However, based on final actions taken by the federal government when extending the rate six months, it also updated the formula which produced a lower rate. For Rhode Island that updated rate is 62.26 percent. The following includes the Rhode Island Medicaid rates used in FY 2008 through the projected FY 2012 rate. Since the Medicaid rate is published for the federal fiscal year which starts October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2012 projected rate is based on one quarter of the federal fiscal year 2011 rate and three quarters of the FY 2012 rate resulting in a slightly different rate. The enhanced rates are shown in the following table.

Medicaid Rates	FFY	SFY
FY 2012 Projected	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%
FY 2009	63.89%	61.04%
FY 2008	52.51%	52.59%

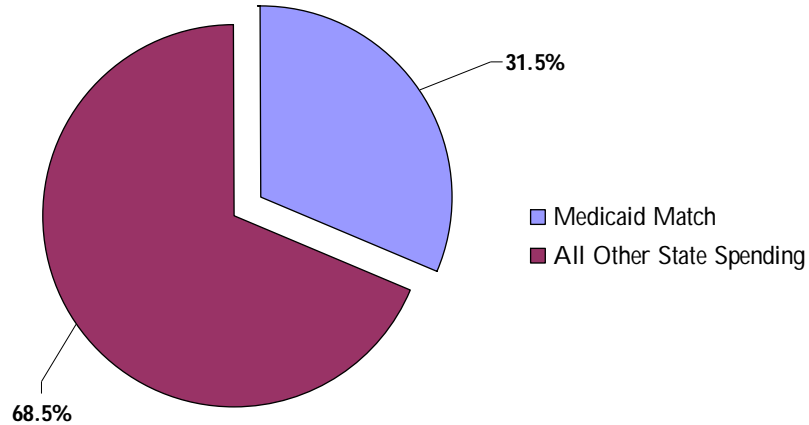
Under the American Recovery and Reinvestment Act, states receiving the enhanced Medicaid rate had to maintain its eligibility requirements until the expiration of the rate, or June 30, 2011. The Patient Protection and Affordable Health Care Act also has similar maintenance requirements unless a state can demonstrate that it has a deficit.

The state is projected to save \$542.4 million over the three-year period as a result of the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The following shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	221.1
FY 2011 Final	171.7
Total	\$ 542.4

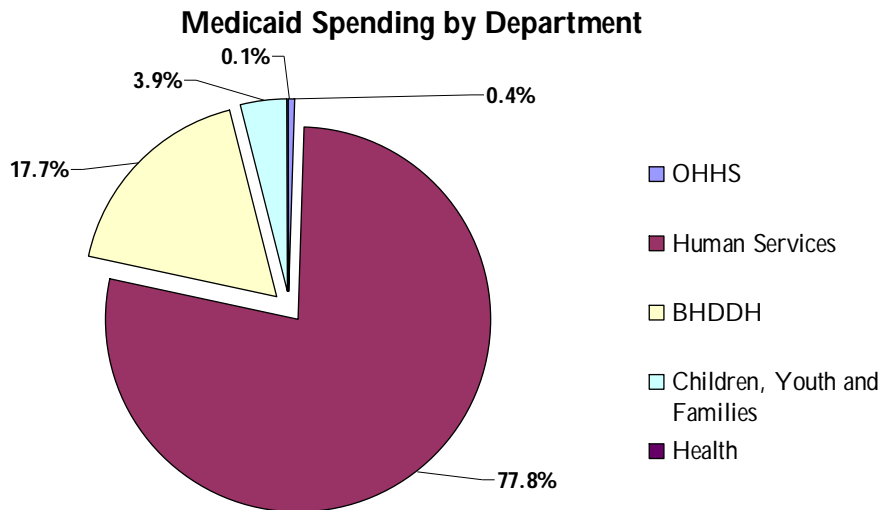
Medicaid as a Percent of the State Budget. Programs supported by Medicaid are approximately 27.9 percent of total spending in the Governor’s recommended budget and 31.3 percent of spending from general revenues.

Medicaid as Percent of General Revenue Spending



The programs and recipients receiving Medicaid funded services are discussed separately, including the state’s mandated coverage for these populations, the number of individuals receiving services and the cost as well as other optional services that the state provides through the health and human service agencies. The following shows the percent of Medicaid spending by department. The 2011 Assembly merged the Department of Elderly Affairs into the Department of Human Services creating the Division of Elderly Affairs.

It should be noted that the Department of Human Services’ budget includes medical benefit expenses for populations receiving residential and community-based services through the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.



Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Global Consumer Choice Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare & Medicaid Services (CMS) on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, cost effective way to meet the needs of its citizens. The waiver is effective from January 16, 2009

through December 31, 2013, at which time the state can reapply for the global waiver. If the state does not reapply for the global waiver, it can continue to operate the Medicaid program but must apply for separate waivers for any programs it provides or recipients it chooses to cover beyond what is mandated by the federal government.

Programs under the waiver include RIte Care, home and community based services to elderly residents, residential and community support programs to adults with developmental disabilities, and breast and cervical cancer treatments. It also allowed the state to leverage Medicaid for services that were previously state-only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, Children, Youth and Families, Health and Elderly Affairs (now a division within the Department of Human Services).

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

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

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

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

* in millions

Poverty Guidelines

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

The guidelines are updated annually by the federal Department of Health and Human Services. The poverty guidelines (also referred to as the federal poverty level) are based on the calculations made for the poverty threshold used by United States Census Bureau mainly for statistical purposes, for instance, preparing the estimates of the number of Americans in poverty for each year's report.

The poverty guidelines are the other version of the federal poverty measure. They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are a simplification of the poverty thresholds to use for such purposes as determining financial eligibility for certain federal programs. They are adjusted for families of different sizes.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	125%	133%	150%	175%	180%	200%	250%
1	\$ 10,890	\$13,613	\$14,484	\$16,335	\$19,058	\$19,602	\$21,780	\$27,225
2	14,710	18,388	19,564	22,065	25,743	26,478	29,420	36,775
3	18,530	23,163	24,645	27,795	32,428	33,354	37,060	46,325
4	22,350	27,938	29,726	33,525	39,113	40,230	44,700	55,875
5	26,170	32,713	34,806	39,255	45,798	47,106	52,340	65,425
6	29,990	37,488	39,887	44,985	52,483	53,982	59,980	74,975
7	33,810	42,263	44,967	50,715	59,168	60,858	67,620	84,525
8	37,630	47,038	50,048	56,445	65,853	67,734	75,260	94,075

For families with more than 8 members, add \$3,820 for each additional member for the 100 percent calculation.

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

Medicaid Recipients

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

The following chart shows the populations that an individual state must provide medical benefits to and the eligibility criteria established in Rhode Island. Each is discussed separately.

Populations	
Mandatory	Optional
Low Income Medicare Beneficiaries	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Individuals who would qualify under 1996 AFDC eligibility standards (50% of poverty)	Parents to 175% of poverty
Supplemental Security Income or Social Security Disability Income recipients	Individuals who are medically needy
Children under 6 and pregnant women at or below 133 of poverty	Children to 250% of poverty
Children 6 to 19 at or below 100% of poverty	
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care
Infants born to Medicaid enrolled pregnant women	Women eligible for breast and cervical cancer treatment services

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

Children and Parents. Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 175 percent of poverty through the RIte Care and RIte Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

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

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

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

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

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

The second program available to a disabled individual is the Supplementary Security Income program. This is also a federal program for individuals with limited income and resources. An individual may be eligible for both the Social Security Disability Income program and the Supplemental Security Income program if they meet the income eligibility requirements. States have the option of providing a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

Breast and Cervical Cancer Treatment. The state provides breast and cervical cancer treatment services through the Medicaid global waiver. A woman must first be screened through the Department of Health's women's cancer screening program before she can receive Medicaid covered treatment services and be at or below 250 percent of poverty.

Medicaid - Benefits

States must provide mandatory benefits to certain populations. States can also chose to cover additional populations and provide additional benefits beyond what is mandated by the federal government. If a state chooses to extend coverage to additional populations, it must provide the same mandatory services it gives to its mandatory populations.

The following tables show both the mandatory and optional benefits provided through the state's Medicaid program for acute care services. Acute care services are direct medical benefits provided to eligible individuals including doctor visits, hospital services, rehabilitation, and prescription coverage.

Acute Care Benefits	
Mandatory	Optional
Physician Services	Prescriptions
Lab & X-ray	Rehabilitation & other therapies
In/Outpatient Hospital Services	Clinic Services
Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services	Dental, dentures, prosthetic devices & eyeglasses
Family Planning Services & Supplies	Case management
Federally Qualified Health Centers & Rural Health Clinic Services	Durable medical equipment
Nurse Midwife as state law permits	TB related services
Certified pediatric & family nurse practitioner services	Medical remedial care provided by other licensed professionals

The following includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

Long Term Care Benefits	
Mandatory	Optional
Institutional	
Nursing facility services for those 21 or older needing that level of care	Intermediate Care Facility
	Individuals 65 or older in an institute of mental disease
	Inpatient psychiatric hospital service for those under 21
Home and Community Care Services	
Home health care services for those entitled to nursing home care	Home & Community Based Care
	Targeted Case Management
	Hospice - personal care
	PACE Program

The Executive Office of Health and Human Services' FY 2009 Annual Medicaid report includes a breakdown by cost by mandatory and optional populations and mandatory and optional services. The state spent \$1,730.0 million in federal and state funds on Medicaid services. Of this total \$634.7 million, or 36.6 percent, was spent on mandatory services for mandatory populations.

Mandatory Populations		
Mandatory	Gen. Rev.	All Funds
Mandatory Services	\$ 247.4	\$ 634.7
Optional Services	115.1	295.4
<i>Subtotal - Mandatory Populations</i>	<i>\$ 362.5</i>	<i>\$ 930.1</i>
Optional Populations		
Mandatory Services	\$ 233.2	\$ 578.6
Optional Services	86.2	221.3
<i>Subtotal - Optional Populations</i>	<i>\$ 319.4</i>	<i>\$ 799.9</i>
Total Expenses	\$ 681.9	\$ 1,730.0

The following includes Medicaid spending for FY 2009 by population and cost per person according to the Office of Health and Human Services' FY 2009 Annual Medicaid report.

Populations	Persons	Costs*	Per Person
Children/Parents	117,047	\$ 405.0	\$ 3,458
Elderly	17,291	437.0	25,248
Disabled - Children	12,314	225.0	18,252
Disabled - Adults	28,006	663.0	23,640
<i>*in millions</i>			

Medicaid Programs

The state provides medical benefits, residential and home and community based services to qualified individuals. The following includes the programs provided.

Medical Benefits

Rite Care/Rite Share. The state provides medical benefits to children and their parents who meet the eligibility criteria for the Rite Care program. The federal government mandates that states provide Medicaid benefits to children up to age 19 whose family income is at or below 133 percent of poverty, children in foster care and adoptive assistance and parents whose income is at or below 50 percent of the poverty level.

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$55,125) and to parents if the family income is at or below 175 percent of poverty (for that same family of four, an income that is not above \$38,588). If a family's income is at or below 200 percent of poverty, the child (or children) would receive Rite Care benefits but the parent (or parents) would not because the annual income is too high.

Rite Care Cost Sharing Requirement. Rite Care recipients above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments currently based on a family's annual income and those that will be in effect October 1, 2011. The 2011 Assembly instructed the Department of Human Services to update the cost sharing requirement to reflect the five percent allowable under state law. Prior to the October 1, 2011 adjustment, the rates reflected approximately three percent of family's annual income.

Rite Care Monthly Cost Sharing		
Poverty Levels	Current	As of 10/1/2011
up to 150%	\$ -	\$ -
150% to below 185%	61.00	91.00
185% to below 200%	77.00	113.00
200% to 250%	92.00	122.00

Foster Care. The state provides Rite Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent.

Adoptive Assistance. The state provides Rite Care benefits to a child in adoptive assistance.

Children with Special Health Care Needs - Katie Beckett Option. The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child's income and not the family's income. States can also choose to provide this service as a waiver which would include a limited number of placements or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants.

Early Intervention. The state provides services to children from birth to age three who have presented with a disability through the early intervention program. The services include physical, speech and occupational therapies.

Rhody Health Managed Care. For individuals who are disabled but not receiving Medicare, the state provides medical benefits through the Rhody Health managed care system through either Neighborhood Health Plan of Rhode Island or UnitedHealthcare.

Fee-for-Service System. Individuals who are eligible for both Medicare and Medicaid, known as dual eligibles, receive medical benefits through the traditional fee-for-service system.

Long Term Care Residential and Community Care Services

Nursing Homes. The state reimburses 84 nursing homes that provide long term residential care to elderly and disabled individuals who require a nursing home level of care.

Hospice Services. Hospice services are provided to the terminally ill if there is a medical prognosis that life expectancy is six months or less. Services are provided in either the home setting or a nursing home or other institutional setting.

Assisted Living Facilities. The state provides eligible residents access to assisted living facilities, a less expensive alternative to residing in a nursing home. Individuals can access this option, available through the Medicaid Global Waiver, through either the Department of Human Services or the Department of Elderly Affairs.

Home and Community Care Services. Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their home instead of moving into a nursing home. The Departments of Human Services and Elderly Affairs operate the home care and adult day care community programs.

Eleanor Slater Hospital. The Eleanor Slater Hospital is the state's only public hospital and provides long-term care services with the support of acute medical services. It is a 495 bed facility licensed by the Department of Health, accredited by the Commission on the Accreditation of Healthcare Organizations and certified by the Centers for Medicare and Medicaid. It is a two-campus hospital consisting of the main Pastore campus in Cranston and the Zambarano unit in Burrillville. The state provides long term services to individuals with disabilities, court ordered psychiatric patients and those with behavioral health issues.

Residential Services/Other Programs

Adults with Developmental Disabilities. States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and are supplemental security income recipients. The state continues to maintain four Intermediate Care Facilities for the Mentally Retarded (ICF/MR) (four group homes) on the Zabarano campus, with Tavares Pediatric facility as the state's fifth intermediate care facility.

Services provided under the Global Waiver are optional services with mandated medical benefits provided through the Department of Human Services' budget. The federal regulations governing the waiver mandate that in order to receive services a person must meet three eligibility criteria: diagnostic, functional and financial.

For an individual to meet the *diagnostic* criteria, he or she must have mental retardation, defined as an intelligence quotient that is 70 or less, or another type of developmental disability. States have the ability to define developmental disabilities differently using a more expansive definition and consequently serve different populations. Rhode Island uses the expanded developmental disability definition.

Rhode Island statute defines a developmentally disabled adult as someone who is either a mentally retarded developmentally disabled adult or is a person with a severe, chronic disability.

Functional eligibility requires an individual to have a substantial functional limitation in three or more of the following life activities: self care, receptive and expressive language learning, mobility, self direction, capacity for independent living and economic self sufficiency.

Financial eligibility requires a person to be income eligible for services. In most cases the only source of income for individuals with developmental disabilities is a \$694.35 monthly supplemental security income check which places them below the 135 percent of the federal poverty level required for the program.

Medicaid funded services provided through the waiver for this eligible population includes residential care, day programming and supportive services

Mental Health Treatment Services. The state provides mental health treatment services through the Medicaid Global Waiver. Mental health services are not a mandated Medicaid benefit and states can choose to provide mental health services to Medicaid eligible individuals. Rhode Island chooses to provide these services.

Substance Abuse Treatment Services. As an option under Medicaid, states can also choose to provide substance abuse treatment services to Medicaid eligible individuals. These treatment services are not a mandated benefit in the Medicaid program. Rhode Island chooses to provide these services.

Foster Care. The state provides foster care services to children in its custody.

Group Homes. The state provides placement in a group home setting to children in its custody

Bradley Hospital Group Homes Psychiatric Hospitalization. The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment by utilizing Emma Pendleton Bradley Hospital in East Providence to provide psychiatric hospitalization services for Medicaid children and children who are uninsured.

Bradley Hospital Group Homes. There are five group homes that are run by Bradley Hospital for children ages 4 to 21. The five group homes are located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

Community Medication Assistance Program. The state provides a limited pharmaceutical program to individuals with mental health issues.

HIV/AIDS Treatment Services. The state provides treatment and supportive services to HIV positive individuals and at or below 200 percent of poverty.

Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the umbrella agency for the five health and human services departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2012*. The following shows the services provided by population and the Department that is responsible for the expenses.

Programs	DHS	BHDDH	DCYF
Medical Benefits			
Children and Parents	X		
Elderly	X		
Disabled	X		
Residential and Other Services			
Nursing and Hospice Services	X		
Assisted Living Services	X		
Home and Community Based Services - Elderly	X		
Foster Care and Group Home Placements - Children			X
Community Based Services -Developmentally Disabled		X	
Mental Health and Substance Abuse Treatment Services		X	
HIV/AIDS Treatment Services	X		

American Recovery and Reinvestment Act

Introduction

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Generally referred to as the Stimulus Act, it provides nearly \$800 billion of federal spending designed to prevent further deterioration in the national economy, provide relief to states and individuals, and create new jobs. By the end of FY 2012, the bill will have provided over \$1.5 billion to Rhode Island through direct budget relief as well as competitive and formula grants. The types and uses of this funding will be further explained in this report.

Types of Funding

Direct Budget Relief. A goal of the Recovery and Reinvestment Act was to ease the burden on state governments during a national economic downturn. One way the Stimulus Act attempted to improve individual state budgets was to provide direct budgetary relief. Instead of competing for additional funds or relying on the traditional formula grant process, these funds were made available to states for more immediate use. Use of these funds as direct budgetary relief did come with a maintenance of effort requirement. This requirement ensures that states using the funds are supporting programs at levels consistent with prior years' funding levels, and is included to minimize the supplanting of general revenues in areas where stimulus funds were available.

In Rhode Island, direct budgetary relief was in the form of funds that could support expenses in the Departments of Elementary and Secondary Education, agencies with Medicaid expenses, Human Services, Corrections and Public Safety. Availability of these funds impacted the whole budget by limiting the reductions that may have occurred without these funds. Including amounts appropriated by the Assembly for FY 2011, direct budget relief from stimulus funds beginning in FY 2009 totals \$651.2 million. The distribution of these funds to the state agencies is illustrated in the following table.

Budgetary Relief

Agency/Department	FY 2009 Spent	FY 2010 Spent	FY 2011 Final	Total
Behavioral Healthcare, Developmental				
Disabilities and Hospitals	\$ 36,399,655	\$ 46,349,449	\$ 33,271,931	\$ 116,021,035
Children, Youth and Families	8,017,764	7,494,219	5,624,377	21,136,360
Corrections	19,900,003	147,201	180,620	20,227,824
Elderly Affairs	686,286	975,239	830,664	2,492,189
Health	-	437,524	3,141,622	3,579,146
Human Services	104,446,998	148,569,520	122,768,325	375,784,843
Public Safety	-	9,612,212	404,916	10,017,128
Elementary and Secondary Education	36,358,945	44,182,425	21,416,392	101,957,762
Total	\$ 205,809,651	\$ 257,767,789	\$ 187,638,847	\$ 651,216,287

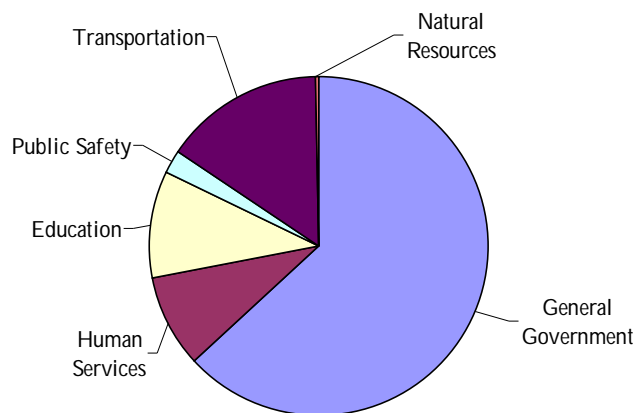
Competitive and Formula Grants. The Stimulus Act provides additional funding in the form of competitive and formula grants. For ongoing formula grant programs, additional funding was provided to the federal agency and then distributed to states based on existing formulas. An example of this is the Department of Transportation's Federal Highway Funding. The annual funding the Department receives is based on a federally determined formula. When more funding became available through the Act, the Department was allocated its additional share based on the existing

formula. This process provided the Department with an additional \$137.1 million for construction projects on highways, roads and bridges.

Besides existing formulas, the Stimulus Act also provided funds to the federal agencies to be distributed in the form of competitive grants. The funds were provided to the federal agencies, which then determined application criteria for state agencies applying for the grant funds. An example of this is the competitive grant program Race to the Top. This is an educational grant program that provides additional funding to states making system-wide reforms to certain criteria such as teacher evaluation and accountability. As a result of competing for this grant, the Department of Elementary and Secondary Education will receive an additional \$75.0 million beginning in FY 2011.

Including amounts appropriated by the Assembly for FY 2011; state agencies will receive \$873.2 million from formula and competitive grants through the Stimulus Act. Approximately 63 percent of these grants are for general government functions, the largest of which is dedicated to unemployment benefits in the Department of Labor and Training. This accounts for over \$500 million of the grants provided to the state from fiscal years 2009 through 2011. The following chart illustrates the proportion of funding each function of state government is receiving through the Act.

Competitive and Formula Grants by Function



Oversight

Oversight for Stimulus Act programs are the responsibility of the Rhode Island Office of Recovery and Reinvestment. The Office was established by Governor Carcieri's executive order shortly after the Act's passage under the Office of the Governor. The Office is responsible for administering and complying with the Stimulus Act and other state and federal economic stimulus legislation.

Specifically, the Office is responsible for identifying, evaluating, tracking and auditing stimulus projects. The Office also works in conjunction with the Department of Administration in tracking and accounting of stimulus funds, and issues reports to federal entities. The Office is also charged with reporting Stimulus Act progress to the General Assembly, which it does on a monthly basis. These reports consist of funding allocations and expenditures for each agency receiving funds. The reports also track expiration dates for the awards as well as additional jobs provided through the Stimulus Act.

Rhode Island's Stimulus Award

Beginning in FY 2009 and including amounts enacted for FY 2012; state agencies will receive \$1,637.7 million from all stimulus funds. Funding is budgeted in 18 separate agencies during the FY

2009 through FY 2012 period, with the largest amount spent in FY 2010. In FY 2009, the Stimulus Act was in its beginning stages and federal guidance was limited. Because of this, \$259.4 million or 15.8 percent of total stimulus funding was spent in the first year. The \$1,277.5 million included in fiscal years 2010 and 2011 was distributed in a more even manner, with over \$700 million spent in FY 2010 and close to \$575 million appropriated for FY 2011. As Stimulus Act funds begin to extinguish in FY 2012, enacted funding drops to \$100.9 million.

The following table lists the total Stimulus Act awards for each state agency. The amounts include budgetary relief as well as competitive and formula grants.

Agency/Department	FY 2009 Spent	FY 2010 Spent	FY 2011 Final	FY 2012 Enacted	Total
Board of Governors for Higher Education	\$ -	\$ 981,675	\$ 28,073,678	\$ 6,462	\$ 29,061,815
Administration	-	6,476,263	41,259,178	12,977,105	60,712,546
Behavioral Healthcare, Developmental Disabilities and Hospitals	36,399,655	46,349,449	33,271,931	-	116,021,035
Children, Youth and Families	8,017,764	7,494,219	5,624,377	-	21,136,360
Corrections	19,900,003	136,844	31,280	-	20,068,127
Elderly Affairs	686,286	1,460,239	1,017,027	-	3,163,552
Environmental Management	-	366,087	3,175,000	848,000	4,389,087
Health	90,509	546,880	3,253,713	1,639,875	5,530,977
Human Services	113,893,389	189,451,963	149,637,014	-	452,982,366
Labor and Training	38,623,025	290,965,409	170,947,503	51,275,635	551,811,572
Public Safety	-	10,786,058	3,530,644	498,178	14,814,880
Revenue	-	6,025	19,622	-	25,647
Transportation	5,411,801	65,264,681	60,425,488	7,006,375	138,108,345
Elementary and Secondary Education	36,364,130	82,672,031	73,018,432	26,408,145	218,462,738
Military Staff	-	365,006	174,496	-	539,502
Public Utilities Commission	-	32,993	194,105	199,979	427,077
Rhode Island Council on the Arts	-	291,500	-	-	291,500
General Treasurer	-	185,863	-	-	185,863
Total	\$ 259,386,562	\$ 703,833,185	\$ 573,653,488	\$ 100,859,754	\$1,637,732,989

Education. Including amounts enacted for FY 2012; the state will receive \$247.5 million from stimulus funds, including \$134.9 million in direct budgetary relief and \$112.6 million from competitive and formula grants. Education funding is to be used for three distinct purposes, which are summarized in greater detail below.

State Fiscal Stabilization Fund. The \$134.9 million provided to Rhode Island is being used to avoid reductions in public higher and elementary and secondary education. The funds were made available to Rhode Island for use in FY 2009 and can continue to be spent through FY 2012. These funds are eligible for general use, as well as education related activities such as school repair, renovation or modernization. In lower education, funding was used as education aid to districts in lieu of general revenues. In higher education, funding was used for fire safety repair work at the institutions, and distributed based on the square feet of existing academic buildings that needed fire safety improvements.

Education for Disadvantaged Title I. The Stimulus Act contains a total of \$45.1 million through FY 2012 to be distributed through Title I funding streams. The purpose of funding is to help school districts mitigate the effects of recent reductions in local revenues and state support. Funding will be distributed through the existing formula, which flows through the Department of Elementary and Secondary Education. The formulas are based on census poverty estimates and per pupil expenditures for each state.

Special Education. This is a formula grant that provides funding for students with disabilities. The Act provided a total of \$45.7 million for students with disabilities through three formulary-funding streams from FY 2010 through FY 2012. A state is eligible to receive this funding if it submits a state plan with assurances that it has policies to provide a free and appropriate public education to children with disabilities between the ages of 3 and 21. Funding is distributed through the existing formula, which flows through the Department of Elementary and Secondary Education.

Medicaid. The Federal Medical Assistance Percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a separate Medicaid rate. The formula that determines an individual state's Medicaid rate is based on that state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program the federal government will contribute.

The federal stimulus package provides for temporary increases in the Medicaid rate to allow for fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The state is projected to save \$542.4 million from FY 2009 through FY 2011 as a result of the enhanced Medicaid rate included in the Stimulus Act. The following table shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	221.1
FY 2011 Final	171.7
Total	\$ 542.4

Temporary Assistance to Needy Families. The state was eligible to receive up to \$47.5 million in federal temporary assistance to needy families' contingency funds through the American Recovery and Reinvestment Act to support basic assistance, short term non-recurring benefits and subsidized employment programs through September 30, 2010. The state spent \$6.9 million, primarily in the Department of Human Services, leaving \$40.6 million unspent.

Funding was spent on subsidized employment programs and a joint program with the Rhode Island Food Bank which distributed at least 10,000 boxes of special food items to eligible families. Funding also provided payments ranging from \$200 to \$3,000 to help at least 2,500 families with first and last month's rent and/or security deposit. It was used to restore utilities and/or help families avoid utility shutoffs, pay for relocations and assist families to avoid evictions. The Department of Human Services also used the money to address transportation issues such as automobile repairs and mandatory auto insurance.

Unemployment Insurance. The Stimulus Act provided full federal funding of state extended benefits, which are normally funded 50 percent from state funds and 50 percent from federal funds. Rhode Island extended benefits were triggered in July 2008 when the state's 13-week average unemployment rate was 6.5 percent. The Stimulus Act also provided for up to an additional 40 weeks of benefits, fully funded with federal funds. Full federal funding means that the benefit payments do not come from the state's Trust Fund account. All regular unemployment insurance benefits are paid from the state's Trust Fund and normally, half of the extended benefit payments are paid from this account. The additional 40 weeks of benefits would not have been available to claimants if the Stimulus Act and the following extensions had not been provided. The state spent \$282.4 million from stimulus funds

for additional unemployment benefits in FY 2010, with \$162.2 million budgeted for FY 2011 and \$50.4 million enacted for FY 2012.

Transportation. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. These projects were included in the current Transportation Improvement Program, and the stimulus funds allowed the project start dates to be moved forward. The Department spent \$65.3 million for these purposes in FY 2010, with \$60.4 million appropriated for FY 2011 and \$7.0 million enacted for FY 2012.

Weatherization Assistance Program. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. In FY 2010, \$3.8 million was spent for these purposes with \$12.4 million appropriated for FY 2011 and \$5.0 million enacted for FY 2012 .

State Energy Program. The State Energy Program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. In FY 2010, \$0.2 million was spent for the program with \$19.3 million appropriated for FY 2011 and \$4.4 million enacted for FY 2012.

Stimulus Jobs

One way the Act was intended to stimulate national and state economies was through job creation. The state's Office of Recovery and Reinvestment developed job reporting tools that each stimulus award prime recipient uses to report stimulus related jobs to the federal government. These tools ensure accurate and consistent data is reported throughout the state. For example, it accounts for differences in the number of hours in a typical work week for a given profession. The following table illustrates which state and quasi-state agencies used stimulus funds for the additional positions.

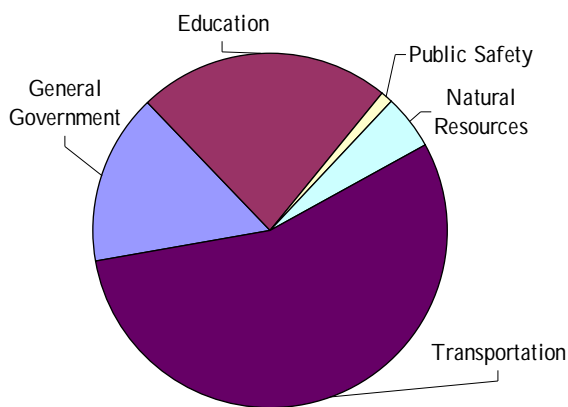
Agency/Department	Jobs
Administration	104.7
Clean Water Finance Agency	147.5
Coastal Resources Management Council	4.3
Economic Development Corporation	2.2
Elementary and Secondary Education	587.2
Environmental Management	2.4
Health	24.9
Housing and Mortgage Finance Corporation	14.8
Human Services	13.4
Labor and Training	39.8
Public Safety	34.3
Public Transit Authority	33.5
Public Utilities Commission	2.0
Quonset Development Corporation	4.8
Transportation	220.7
University of Rhode Island	29.7
Total	1,266.1

These job numbers include the positions hired directly by the state or quasi-state agency because of stimulus funding, as well as jobs performed by vendors doing work associated with stimulus funded programs. The vendors who receive jobs or payments from prime recipients of stimulus funding are referred to as sub-recipients. As of the end of 2010, over 1,200 full-time equivalent positions were supported with stimulus funding. It should be noted that in the early stages of the Act, the federal government had planned to track the number of jobs that would be “created” or “saved” through the Act. Due to the difficulty of translating the reported data into reliable and transparent statistics, the language concerning jobs has subsequently been altered to reflect jobs that are paid for with stimulus funding. Jobs discussed in this report refer to jobs that are paid for with Stimulus Act funding, as to not be misinterpreted as “created” or “saved”.

Included in the total jobs calculation are the positions the state added as a direct result of stimulus funding. In FY 2011, there are 161.0 total positions added in eight state agencies, excluding quasi-state agencies. The majority of the additional positions include 89.0 provided to the Department of Transportation to facilitate stimulus funded projects and 45.0 positions to the Department of Labor and Training to expedite the payment of unemployment benefit claims. For FY 2012, the Assembly added 22.0 positions in the Department of Elementary and Secondary Education for implementation of the Race to the Top award. This is offset by a reduction of 42.0 positions in the Department of Labor and Training to reflect the conclusion of Stimulus funding.

The following chart illustrates the distribution of these jobs according to the functions of state government. It should be noted there were no state jobs provided to state human service agencies as a direct result of the Stimulus Act.

State Stimulus Jobs by Function



FY 2012 and Beyond

The FY 2012 enacted budget contains over \$100.9 million in stimulus funded expenditures, with the majority of expenditures requested for education, unemployment benefits and energy related programs. Beginning in FY 2012, substantial funding previously provided through the Stimulus Act will no longer be received by the state. Because of the direct budget relief provided by some of these funds in previous budgets, the removal of funding causes a sharp drop off in resources, which results in a “cliff” effect for the state.

Despite the majority of large scale stimulus funded projects extinguishing in fiscal years 2011 and 2012, there are still multiple projects that will continue to operate through FY 2015. The state’s

Office of Economic Recovery and Reinvestment has compiled a list of total funding allotments since the state began receiving Stimulus funds in FY 2009 through the anticipated extinguishment of Stimulus funds in FY 2015. The following table combines funding for both state and quasi-state agencies, and shows the decline in remaining resources from FY 2009 through FY 2015.

Fiscal Year	Number of Awards	ARRA Funds Remaining
2009	189	\$ 1,893,177,313
2010	163	\$ 1,695,924,548
2011*	123	\$ 600,966,241
2012*	90	\$ 348,406,413
2013*	81	\$ 299,526,198
2014*	78	\$ 197,681,411
2015*	1	\$ 1,675,756

** Estimated ARRA funds remaining*

As the above table indicates, Stimulus funding will continue to have a significant impact on the state through FY 2014, and will not be completely exhausted until FY 2015.

Limitations of Data

Despite the volumes of data available, there are limitations to its usefulness. The state's accounting system does not combine the spending of quasi-state and state agencies. Due to this limitation, the report distinguishes where the data includes state only, or both state and quasi-state agencies.

The federal and state economic recovery offices must verify spending information from a variety of sources, and are also responsible for stimulus compliance. The information these offices receive must be checked with the state's accounting system, which can create delays and errors throughout the reporting process. The reporting process can also be hindered by differing terms and concepts. For example, funding the federal government may consider "obligated" by a state agency may not be in an agency's budget. This could happen if an award is received after an agency's budget has been enacted.

Additional Resources

This report utilized information provided by the state's Office of Economic Recovery and Reinvestment. The Office's website can be accessed at www.recovery.ri.gov. The website contains a variety of reports, program summaries, job postings, progress reports and links to other informational sites. The site also provides tools that Stimulus fund recipients use for reporting to state and federal offices. Information about the Stimulus Act on a national level can be obtained at www.recovery.gov.

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2011 budget adopted by the 2010 General Assembly contains 40 state agencies and departments. The Governor's FY 2012 recommendation of 41 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2010 Assembly. These are noted below along with additional changes. The FY 2012 budget adopted by the 2011 General Assembly contains 38 state agencies and departments and their actions on these items are noted below along with additional changes.

FY 2012

State Aid Transfer. The Governor's Budget transferred some of the appropriation for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and Transparency fund. State aid for library operations and library construction will remain in the Department of Administration. The Assembly concurred.

Sheriffs to Department of Public Safety. The Governor recommended the transfer of \$16.7 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. Governor Carcieri proposed this as part of his FY 2011 budget; however, the Assembly did not concur and maintained the Sheriffs in the Department of Administration. The Assembly concurred.

Office of the Health Insurance Commissioner. The Governor recommended the creation of a new program within the Department of Business Regulation for the Office of the Health Insurance Commissioner. Currently, the Office is part of the Insurance Regulation division. The Assembly concurred.

Training School – Girls' Facility. The Governor recommended the consolidation of the girl's training school into the existing boy's facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumes renovating the Adolph Meyer building for this population. The Governor did not recommend the renovations and included a plan for the girls to move into one of the four residential pods in the Youth Development Center. The Department indicated that based on current population trends, three of the four residential pods are sufficient to house the male population. The Assembly concurred.

Elderly Affairs to Human Services. The Assembly merged the Department of Elderly Affairs with the Department of Human Services and created the Division of Elderly Affairs within the Department of Human Services.

Department of Veterans' Affairs. The Assembly maintained the Division of Veterans' Affairs within the Department of Human Services and created a new position, Director of Veterans' Affairs. The 2009 Assembly included legislation to create a Department of Veterans' Affairs and the 2010

Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. The Governor's FY 2012 budget recommendation included the creation of the Department of Veterans' Affairs.

HIV/AIDS. The Assembly shifted the HIV/AIDS direct services program and all resources including 4.0 full-time positions from the Department of Health to the Department of Human Services.

Women, Infants and Children Transfer. The Governor recommended repeal of the statute transferring the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services. The Assembly did not concur and retained the program and all resources within the Department of Human Services. The United States Department of Agriculture informed the state that the Department of Human Services did not meet the standard established for state agencies that could administer the program.

The Assembly adopted legislation to transfer the Women, Infants, and Children program from the Department of Health initially to the Office of Health and Human Services effective March 1, 2010, but then amended that to the Department of Human Services effective October 1, 2010 to coincide with the beginning of the new federal fiscal year.

Higher Education Administration. The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

Rhode Island State Crime Lab. The Governor recommended shifting the general revenue funding for the Rhode Island State Crime Lab from the Department of Health to the University of Rhode Island. The Assembly concurred.

Dispatch Unit and Port Security. The Governor's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011. The Assembly did not concur with the reversal, instead delayed the transfer until January 1, 2012.

Water Resources Board. The Assembly enacted legislation to merge the State Water Resources Board into the Department of Administration's Division of Statewide Planning, effective July 1, 2011. The merger transfers three of the six positions from the Board to the Division, while maintaining the Water Resources Board Corporate.

Weatherization and Low Income Home Energy Assistance Program. The Assembly adopted legislation to transfer the weatherization assistance and the low income home energy assistance programs from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

Westerly Branch. The Assembly provided \$37,800 from general revenues for the operations of other registry of motor vehicles in the Town of Westerly.

History

FY 1991

Motor Vehicle Dealer License Commission. Governor DiPrete proposed abolition of this agency. It was merged into the Department of Transportation in the FY 1992 budget.

Rhode Island Film Commission. Governor DiPrete proposed abolition of this agency. It was merged into the Department of Economic Development in FY 1992.

Consumers Council. Governor DiPrete recommended abolition of this agency. The Assembly did not concur. The agency was later abolished in FY 1994.

Permanent Commission on Naval Affairs. This agency was unfunded beginning in FY 1991 and is no longer budgeted.

Rhode Island Health Industry Development Council. This agency was abolished.

FY 1992

Motor Vehicle Dealer License Commission. This agency was merged into the Department of Transportation.

Rhode Island Film Commission. This agency was merged into the Department of Economic Development.

Office of Management and Administrative Services. This office was created by Governor Sundlun through an Executive Order.

Office of Substance Abuse. This office was created by Executive Order 91-23 through consolidation of various programs in a number of agencies and the Division of Substance Abuse in the Department of Mental Health, Retardation and Hospitals.

FY 1993

Commission on Interstate Cooperation. This agency was merged into the Legislature.

Commission on Uniform State Laws. This agency was merged into the Legislature.

Department of Substance Abuse. The Office of Substance Abuse became a Department.

FY 1994

Consumers Council. The Council was abolished as recommended.

General. This collection of miscellaneous appropriations was combined into Department of Administration programs. It included the contingency account, the circuit breaker program, Tax Anticipation Notes interest, and certain other grants such as the Rhode Island Sports Foundation.

Special. This collection of expenditures was combined into the Department of Administration as well. It included tort claims and special claims.

Children's Code Commission. This agency was abolished.

Department of Public Safety. Governor Sundlun proposed merging seven agencies and departments providing training and education of public safety officials into the Department of Public Safety headed by the Superintendent of the State Police. The agencies varied in size from 3.0 full-time equivalent positions to 252.0 full-time equivalent positions. They were State Police, E-911, Emergency Management, Fire Safety Code Commission, Fire Safety and Training Academy, Governor's Justice Commission, and the Municipal Police Training Academy. The Assembly did not enact the legislation.

Water Resources Board. Governor Sundlun recommended merging the Board with the Department of Environmental Management. The merger was blocked in the Energy and Environment Committee and was not voted upon.

Vehicle Value Commission. The Commission was merged into the Division of Taxation in the Department of Administration. Administrative support is provided by the Office of Municipal Affairs.

Registry. The Registry of Motor Vehicles was transferred from the Department of Transportation to the Division of Taxation. Legislation was adopted in the 1994 Assembly.

Airport Corporation. The functions of the Division of Airports in the Department of Transportation were transferred to a newly formed Airport Corporation under the Rhode Island Port Authority.

FY 1995

Heritage Commission. The Heritage Commission was merged into a new Historical Preservation and Heritage Commission under the administrative management structure of the Historical Preservation Commission.

FY 1996

Economic Development. The Department of Economic Development was replaced by the quasi-public Economic Development Corporation, which in turn consolidated a number of entities and functions. State funding is by grant through the Department of Administration.

Office of Housing, Energy, and Intergovernmental Relations. Governor Almond originally recommended breakup of this agency; CDBG (Community Development Block Grant) function was merged into the Economic Development Corporation, means-tested energy programs merged into the Department of Human Services, energy conservation programs integrated into the Department of Administration, housing functions were taken over by the Department of Human Services, and Intergovernmental Relations merged functions into the Governor's Office.

The Governor modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation. The emergency shelter grants portion of housing transferred to the Department of Human Services.

The CDBG functions merged into the Office of Municipal Affairs in the Department of Administration. The intergovernmental relations functions merged into the Governor's Office.

Personnel Appeal Board. The Board was merged into the Department of Administration as a separate unit.

Rite Care. The program was consolidated in the Department of Human Services. It had been divided between the Department of Health and the Department of Human Services. The purpose was to eliminate duplicated functions and overhead and focus on greater program accountability.

Substance Abuse. The Department of Substance Abuse was abolished, with its functions transferred to the Department of Health. The Benjamin Rush in-patient detoxification component of the Department was privatized.

State Library Services. Governor Almond recommended merger of the Department of State Library Services into the Department of Elementary and Secondary Education. The House discussed moving the agency under the Joint Committee on Legislative Services. Legislation was not enacted to change the Department's status.

FY 1997

Arts and Tourism Council. Governor Almond recommended merger of the Council into the Rhode Island Council on the Arts as a subcommittee of the Arts Council. The Assembly concurred, amending the legislation to make the chairperson of the Arts and Tourism subcommittee a voting member of the Arts Council.

Board of Examination and Registration of Architects. Governor Almond recommended the Board be merged into the Department of Business Regulation. The Assembly did not concur.

Board of Registration of Engineers. Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

Board of Registration of Land Surveyors. Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

Capitol Police. Governor Almond recommended that the Capitol Police be transferred from the Department of Administration to the Judicial Department. The Governor argued that the majority of Capitol Police positions were assigned to the Courts. The Assembly did not concur. The Capitol Police also provide security for the State House and a number of other state-owned buildings not under jurisdiction of the Judiciary, including the Powers Building, the Amie Forand Building, the State Office Building, the Health Department, and the Pawtucket Registry.

Commission on Care and Safety of the Elderly. Governor Almond recommended merging the Commission and the Department of Elderly Affairs into the Department of Human Services. The Assembly did not concur with the merger of Elderly Affairs, but did agree to legislation merging the Commission, with funding, into the Department of Elderly Affairs. The Commission retained its line item appropriation.

Liquor Program. Governor Almond proposed that the Liquor Control functions in the Department of Business Regulation be divided with the tax collection functions transferred to the Division of Taxation in the Department of Administration. Industry regulation functions would remain in the Department of Business Regulation. The Assembly concurred.

Department of Library Services. Governor Almond recommended merger of the Department of State Library Services into the Department of Elementary and Secondary Education to the 1995 Assembly. The House discussed moving the agency under the Joint Committee on Legislative Services; legislation was not enacted to change the Department's status.

The Governor recommended to the 1996 Assembly that the Department be established as a Library Information Services division within the Department of Administration. The division would continue to support the development of the state libraries' access to information resources as well as adding the task of the Department of Administration information processing to its responsibilities. The Assembly concurred.

Departments of Labor and Employment and Training. Governor Almond recommended the elimination of the Department of Labor and the consolidation of its functions, along with the Department of Employment and Training, into a new Department of Labor and Training. The Assembly did not concur when the Appropriations Act, 1996-H 8783, Substitute A, was approved. However, the Assembly did agree with the consolidation later in the session, under a separate bill, 1996-H 8219.

Department of Employment and Training Collections Functions. Governor Almond recommended that the taxation functions administered by the Department of Employment and Training be consolidated into the Division of Taxation in the Department of Administration. This would enhance collection activities in both units. The Assembly concurred.

Department of Human Services Child Support Enforcement. Governor Almond also recommended that the Child Support Enforcement Unit in the Department of Human Services be consolidated into the Division of Taxation. The Assembly concurred.

Emergency Shelter Grants. Governor Almond recommended the transfer of the Emergency Shelter Grant program from the Department of Human Services to the Office of Municipal Affairs in the Department of Administration as consistent with the consolidation of energy related assistance programs in the Department of Administration. This involved the transfer of grant funds only; there is no assigned staff. The Assembly concurred.

E-911 Emergency Telephone System. Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. E-911 was one of the agencies recommended. The Assembly did not concur.

Department of Elderly Affairs. Governor Almond proposed that the Department be merged into the Department of Human Services. The Assembly did not concur.

Fire Safety and Training Academy. Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of the agencies recommended. The Assembly did not concur.

Fire Safety Code Board of Appeal and Review. Governor Almond proposed the merger of the Fire Safety Code Board into the Department of Administration. It would operate in conjunction with the Building Code Commission. The Assembly did not concur.

Governor's Justice Commission. Governor Almond proposed to merge the Commission into the Department of Administration. The Assembly did not concur. Governor Sundlun had proposed merging it into a new Department of Public Safety in 1993. The Assembly did not concur.

Board of Hearing Aid Dealers and Fitters. Governor Almond recommended transfer of the Board from the Department of Business Regulation to the Department of Health due to the public health functions of the Board. The Assembly concurred.

Higher Education Assistance Authority. Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

Historical Preservation and Heritage Commission. Governor Almond recommended that the Commission be merged under the Division of Planning in the Department of Administration. The Commission was formed in the 1994 session through consolidation of the Heritage Commission under the administrative management structure of the Historical Preservation Commission. The Assembly did not concur with the proposed merger into the Department of Administration, preferring to leave the Commission as a freestanding agency.

Board of Examiners of Landscape Architects. Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

Mental Health Advocate. Governor Almond proposed that the Office of the Mental Health Advocate be abolished. The Assembly did not concur.

Municipal Police Training Academy. Governor Almond proposed to merge the Academy into the State Police. The Assembly did not concur. This proposal was similar to Governor Sundlun's to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of these agencies. The 1993 Assembly did not concur.

Office of Management and Administrative Services. Governor Almond proposed that the Office be abolished with its functions and personnel merged into four departments: Administration, Governor's Office, Military, and State Police. The Assembly concurred. This office had been created by Governor Sundlun through an Executive Order in FY 1992.

Plumbers Licensing Function. Governor Almond proposed the transfer of licensing of plumbers from the Division of Professional Regulation in the Department of Health to his new Department of Labor and Training. The Assembly did not concur.

Rhode Island Emergency Management Agency. Governor Almond proposed merger of the Agency into the Military Staff agency. The Assembly concurred. Governor Sundlun had proposed merging the agency into a Department of Public Safety in the 1993 Session, which was not adopted.

Rhode Island Student Loan Authority. Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

Sheriffs. Governor Almond proposed placing the Sheriffs of the various counties under the Judiciary and eliminating the writ processing function. The Assembly did not concur with either proposal.

State Energy Office. Governor Almond proposed transferring the agency to the Department of Administration, Division of Central Services. The Governor had recommended in his presentation of the FY 1996 budget to the 1995 Assembly that the Office of Housing, Energy and Intergovernmental Relations be broken up with the energy conservation program integrated into the Department of Administration Central Services and means tested energy programs placed in the Department of Human Services. He modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation with the emergency shelter grants portion of housing being transferred to the Department of Human Services.

In October 1995, Governor Almond issued Executive Order 95-24 dissolving the Office of Energy and Intergovernmental Relations and establishing a new State Energy Office. It is this Office he recommended to the 1996 Assembly be merged into the Department of Administration. The Assembly concurred.

Public Building Authority. The Assembly merged the Authority into the Department of Administration with its powers and duties intact for the purpose of lowering overhead costs charged to state agencies with Authority projects in the form of lease payments.

FY 1998

Boards for Design Professionals. Governor Almond recommended that the Board of Examination of Landscape Architects, the Board of Examination and Registration of Architects, the Board for Registration of Engineers, and the Board of Registration of Land Surveyors be consolidated into a single entity, the Boards for Design Professionals. The consolidation would allow for the sharing of administrative resources while maintaining the independence of the individual boards for licensing and registration issues. The Assembly concurred.

Public Buildings Authority. The Assembly eliminated the Public Buildings Authority. The Refunding Bond Authority was made its successor agency for the purpose of making payments on outstanding debt of the Authority.

FY 2000

Workers' Compensation Fraud Unit. In Article 8 of his FY 2000 Appropriations Bill, Governor Almond proposed to transfer the Workers' Compensation Fraud unit from the Department of Administration to the Department of Labor and Training. Both the Workers' Compensation Fraud unit and the Workers' Compensation Compliance unit (currently housed in Labor and Training) perform investigative activities. The merger would create a single investigative unit and provide the Fraud unit investigators with access to workers' compensation computer files. The Assembly concurred.

Board of Accountancy. Governor Almond proposed creating a separate Board of Accountancy with 2.0 positions. The Board was operating autonomously within the Department of Business Regulation with 1.0 position and administrative assistance from the Department. The Assembly did not concur.

Educational Surrogate Parent Program. Governor Almond proposed transferring the Educational Surrogate Parent Program from the Office of the Child Advocate to a private vendor. Federal funding for this program will continue to be provided to the Department of Elementary and Secondary Education who will select and contract with a private vendor instead of the Office of the Child Advocate for these services. The proposal also included the elimination of 7.4 full-time equivalent positions associated with the program. The Assembly did not concur.

FY 2002

Division of Sheriffs. The 2001 Assembly consolidated the Sheriffs and the Marshals (which were part of the Department of Corrections) into a new Division of Sheriffs in the Department of Administration and transferred 213.0 full-time equivalent positions to Administration. This was done in Article 29 of 01-H 6100, Substitute A as amended, which also established the new position of Administrator of the new Division. This position would be responsible for oversight of both the Sheriffs and Marshals, and would be in the classified service. The legislation also calls for an Executive High Sheriff.

By statute, the primary responsibility of the Sheriffs had been to provide security in the state courthouses, which includes providing security in the cellblocks at most of the courthouses. The primary responsibility of the Marshals was to provide secure transportation of inmates from the Adult Correctional Institution to the various courthouses. However, the Marshals did provide cellblock security at Kent County Courthouse and Providence Superior Court.

FY 2003

Department of Elderly Affairs. The 2002 Assembly relocated the Department of Elderly Affairs to the John O. Pastore Campus from the previous Pine Street location in Providence. The Department is housed in the Rush Building with the Department of Human Services. The rent was to be renewed in July 2002 prompting the relocation to state-owned property, producing an annualized savings of \$180,000 a year in general revenues.

Eleanor Slater Hospital. In FY 2003, the Department of Mental Health, Retardation and Hospitals closed two wards at the Eleanor Slater Hospital, by accelerating patient discharge, selective admissions, and eliminating 20 hospital vacancies. The hospital census was reduced to 400 as of October 6, 2002.

Governor's Commission on Disabilities. Rhode Island Public Law 2002-132 transferred from the State Building Commission to the Commission on Disabilities two employees, responsible for the investigation and hearing of complaints alleging disability discrimination and fiscal management of all the handicapped accessibility renovation projects in the state. The transfer took effect on August 1, 2002.

FY 2004

Public Utilities Commissioners. The 2002 General Assembly raised the number of commissioners from three to five by amending Section 39-1-4 of the Rhode Island General Laws, effective January 31, 2004. Governor Carcieri did not include the positions in his FY 2004 budget, and recommended passage of Article 12 to eliminate the two new commissioners. The Assembly did not adopt legislation to reverse the expansion of the number of commissioners.

Rhode Island Commission on Women. Governor Carcieri proposed the relocation of the Rhode Island Commission on Women from 260 West Exchange Street to the Department of Administration for July 1, 2003. The Assembly concurred.

Eleanor Slater Hospital. Governor Carcieri recommended closure of a psychiatric ward and a medical ward at the Eleanor Slater Hospital on the Pastore Complex in Cranston. One unit is in the Adolf Meyer Building and the other in the Long Term Care Unit on the Cranston Campus. The projected hospital census following the FY 2004 plan implementation was projected to be between 360 and 370. His budget assumed \$10.3 million in savings, of which \$4.6 million is general revenues. The Assembly concurred.

Children's Services. The FY 2004 budget reflected the transfer of \$1.8 million from all sources including \$1.0 million from general revenues for services to 335 children with developmental disabilities that were receiving therapeutic home based services from the Department of Mental Health, Retardation and Hospitals to the Department of Human Services. The Assembly concurred.

Health Services Council. Governor Carcieri recommended eliminating the Certificate of Need process and the Health Services Council, which provides an advisory role for the process. The Governor proposed giving full responsibility for effective control review processes and initial licensure for health care facilities to the Department of Health. The Assembly did not concur.

Educational Surrogate Parent Program. Governor Carcieri proposed transferring the Educational Surrogate Parent Program with its 6.7 full-time equivalent positions from the Office of the Child Advocate to the Sherlock Center at Rhode Island College. Federal funding for this program is awarded to the Department of Elementary and Secondary Education who had utilized the Child Advocate to provide these services. The Assembly concurred.

Heritage Subcommittee. Governor Carcieri's recommendation eliminated the 2.0 positions and funding that support the Heritage Subcommittee. Under current law the Subcommittee is responsible for sponsoring, coordinating and funding heritage festivals, events, and programs. The Governor included statutory changes in Article 33 of 2003-H 6174 to eliminate the coordination and funding functions, but maintained its sponsorship role. The 1994 Assembly created the Heritage Subcommittee to incorporate the Heritage Commission's duties as part of a merger with the Historical Preservation Commission. The Assembly did not concur.

Drivers Education. The 2003 Assembly enacted legislation that transferred responsibility for driver education from the Department of Elementary and Secondary Education to the Community College of Rhode Island to be operated as a self-supporting activity. The FY 2004 enacted budget did not reflect this change. Governor Carcieri included the transfer of the program in his FY 2004 revised and FY 2005 budgets.

Rhode Island Film and TV Office. The Assembly transferred the Rhode Island Film and TV Office from the Economic Development Corporation to the Rhode Island State Council on the Arts. This transfer also included the 1.0 full-time equivalent position for the office coordinator.

Coastal Resources Management Council. Governor Carcieri proposed relocating the Coastal Resources Management Council's Providence Office from 40 Fountain Street to the Department of Administration. The space houses the Council's business office and is also used to hold meetings. The Assembly did not concur.

FY 2005

Information Technology. Governor Carcieri recommended shifting 10.0 full-time equivalent positions from the divisions of Taxation and Library Services within the Department of Administration to a newly created Division of Information and Technology in his FY 2005 revised budget. The Governor issued Executive Order 04-06 to create the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer responsible for oversight, coordination and development of all computer resources within the Executive Branch. The Assembly concurred.

Legal Services. Governor Carcieri recommended shifting 14.7 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services in his FY 2005 revised budget. The Governor issued Executive order 04-09 to create the new division that would centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources within state government. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Child Support Enforcement Program. Governor Carcieri's FY 2005 budget recommended transfer of the child support enforcement program to the Department of Human Services from the Department of Administration. The transfer includes \$10.5 million in expenditures and the 100.8 full-time equivalent positions to the Department of Human Services. The Assembly concurred. The program was originally transferred from the Department of Human Services to the Division of Taxation in the Department of Administration in 1997.

Early Intervention Program. The 2004 Assembly transferred the early intervention program from the Department of Health to the Department of Human Services and included \$11.2 million in expenditures, \$5.7 million from general revenues and 6.7 full-time equivalent positions.

RICLAS Transfer to Private Provider. Governor Carcieri recommended transferring operations of two state-run group homes for the developmentally disabled to the privately operated system in order to reduce overtime in the state-run system and shift operations to private providers. The Assembly did not concur.

Vision Services. Governor Carcieri proposed transferring the vision services program to the Sherlock Center at Rhode Island College from the Department of Elementary and Secondary Education; however he retained funding in the Department's budget to contract the services. He did transfer 6.6 positions to Rhode Island College and added \$0.1 million and 1.0 position to enhance the program by adding a coordinator. The Assembly concurred.

FY 2006

Information Technology. Governor Carcieri recommended continuation of the centralization of computer operations by shifting 31.0 full-time equivalent positions from other departments to the Department of Administration's Information Processing internal service fund. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred.

Capital Projects and Property Management. Governor Carcieri recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning budgeting construction management and code enforcement for all capital projects. This includes the transfer of 30.5 full-time equivalent positions into the new division, 27.5 of which are from the Central Services Division within Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

Facilities Management Program. Governor Carcieri recommended creation of the Facilities Management Program within the Department of Administration to provide consistent delivery of facilities management services for state departments and agencies. This included the transfer of 58.0 existing full-time equivalent positions from the former Central Services division to the new division. The Assembly concurred.

Capitol Police and Sheriffs. Governor Carcieri's budget reorganized the Department of Administration's program structure and established a new Security Services Program including the Capitol Police and the Sheriffs, which had been part of the Central Services Division. The new division will maintain two separate subprograms, the Capitol Police and the Sheriffs. It includes 46.0 Capitol Police and 196.0 Sheriffs positions. The Assembly concurred.

Statewide Planning. Governor Carcieri's budget reorganized the Department of Administration's program structure and created a new Statewide Planning program. This includes Strategic Planning responsibilities from the Budget Office and Statewide Planning functions from the Office of Municipal Affairs. The Assembly concurred.

Municipal Aid and Property Tax Administration. Governor Carcieri recommended the transfer of the function of Municipal Aid and Property Tax Administration function and its 8.0 full-time equivalent positions from the Office of Municipal Affairs to the State Budget Office. The Assembly concurred.

Legal Services. Governor Carcieri recommended continuation of the centralization of legal services by transferring 24.1 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services. The Governor issued Executive Order 04-09 to create the new division to centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Group Residence Closure. Governor Carcieri's budget included savings from closing one underutilized state run residence for clients with developmental disabilities. Staff and clients would be reassigned to remaining facilities thereby reducing expenditures. The Assembly concurred.

Adult Literacy. On November 23, 2004, the Department of Elementary and Secondary Education signed a Memorandum of Agreement with the Department of Labor and Training to consolidate the management of all state adult basic education activities at the Department of Education. Governor Carcieri recommended consolidating the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new adult education executive director in his FY 2006 budget. He added 3.0 positions, including the new executive director. The Assembly concurred and

provided \$0.3 million from general revenues and \$4.1 million from Human Resource Investment Council grants.

Shepard Building. Governor Carcieri recommended transferring operating support for the Shepard building, previously shown in Administration's budget, to the Office of Higher Education and the Department of Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

Fugitive Task Force. The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$583,056 from general revenues from the Judiciary to the State Police. The Fugitive Task Force is a statewide warrant squad, established under Rhode Island General Laws Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

Rivers Council. The 2004 Assembly passed legislation transferring the State's Rivers Council community service grant from the Department of Administration's budget to the Water Resources Board. The actual grant change was reflected in the FY 2006 enacted budget.

FY 2007

Information Technology. Governor Carcieri recommended increased use of the information processing internal service fund account for FY 2007. His budget transferred \$15.1 million and 100.3 positions from several departments and agencies to further centralize information technology services. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but it included direct appropriations to the Department of Administration.

Human Resource Service Centers Internal Service Funds. Governor Carcieri recommended creating a new Human Resource Service Center internal service fund within the Department of Administration's budget in FY 2007. This would be supported by \$9.3 million and 111.0 full-time equivalent positions transferred from various state departments and agencies. Four service centers would be created to serve the human resources needs of agencies in each grouping including human services, public safety, general government and transportation, natural resources and education. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but it included direct appropriations to the Department of Administration.

Facilities Management Internal Service Fund. Governor Carcieri recommended creating a new Facilities Management internal service fund within the Department of Administration's budget in FY 2007. This would fund coordinated facilities management for user state departments and agencies, including but not limited to operation, maintenance and repair of buildings, grounds, central HVAC, power plants and other facilities and be supported by \$35.4 million and 124.0 full-time equivalent positions transferred from those agencies. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but it included direct appropriations to the Department of Administration.

Closure of Registry Branch Offices. Governor Carcieri recommended closure of all satellite offices of the Registry of Motor Vehicles. They are in West Warwick, Wakefield, Woonsocket, Warwick,

Westerly, Middletown, and Warren. Of the 31.0 positions assigned to the branch offices, 13.5 would be transferred to the main registry office in Pawtucket, and 17.5 would be eliminated. The Assembly did not concur and restored funding and the 17.5 positions to maintain all registry branch offices open for FY 2007. The Assembly also transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

Registry and School Bus Inspection Unit Closure. Governor Carcieri recommended closure of the school bus inspection unit and elimination of 8.0 full-time equivalent positions. This change would require outside inspection companies to do the bus inspections for a fee paid by the local city and town school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007. The Assembly then transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

Lottery Division. Governor Carcieri's FY 2006 revised and FY 2007 budgets include the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005 Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery will still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

Department of Revenue. The Assembly transferred \$253.6 million from all sources of funds, including \$35.5 million from general revenues, \$1.6 million from federal funds, \$0.8 million from restricted receipts, and \$215.7 million from other funds from the Department of Administration for the establishment of a new Department of Revenue. The new department would include the current divisions of taxation, motor vehicles, state lottery, a new division of property valuation, a new office of revenue analysis, and a new Director of Revenue office. The funding assumes the creation of 6.5 new positions in addition to the 465.6 positions transferred from Administration, for a total of 472.1 positions, which results in a need for an additional \$745,109 from general revenues for FY 2007.

Business Regulation Program Structure. The Governor's FY 2007 budget included a program change, which merges the Division of Banking and Securities and the Divisions of Commercial Licensing and Racing and Athletics. This reorganization will reduce the number of structural programs from seven to five, but not eliminate any activity. The five divisions would be: Central Management, Insurance Regulation, Board of Accountancy, Banking and Securities and Commercial Licensing and Racing & Athletics. The Assembly concurred with the program changes.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Health and Human Services Secretariat. Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services, Elderly Affairs, Mental Health, Retardation and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of secretary of health and human services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget does not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their

respective agencies. This includes 2.0 from Department of Human Services, 1.0 from Department of Children, Youth and Families, 1.0 from Department of Health and 1.0 from the Governor's Office.

Institutional Care Group Homes to Private Provider. Governor Carcieri recommended shifting responsibility for four group homes from the Zambarano unit of Eleanor Slater Hospital to a private provider. This reduced staffing by 41.0 positions. The Assembly restored 41.0 positions and shifted responsibility for one home and retained Zambarano's responsibility for the remaining three homes.

Corrections Educational Programs. Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$550,000 contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

Underground Storage Tank Fund. Governor Carcieri proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget includes \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department. This includes \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 is to fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

FY 2008

Energy Resources. The 2006 Assembly adopted comprehensive energy legislation that created the Office of Energy Resources as a successor to the former State Energy Office and authorized the new office to be assigned to an existing department for administrative purposes. Governor Carcieri's budget included the Office as a distinct program in the Department of Administration's budget; it had formerly been included within the Department's facilities management program. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Boards for Design Professionals. The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

Governor's Contingency Fund. The Assembly moved the Governor's Contingency Fund from the Department of Administration's budget to the Office of the Governor's budget.

Commission for Human Rights. The Assembly provided that the Rhode Island Commission for Human Rights appear in the general government function of the appropriations act and not in the human services function to more accurately reflect the Commission's activities.

Office of Health and Human Services. The Assembly consolidated many of the back room operations from the departments under the Secretary of Human Services into the Office of Health and Human Services to enhance budgeting, management, and program consistency.

Department of Advocacy. The Assembly enacted legislation to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Department of Children, Youth and Families Managed Care Transfer. Governor Carcieri recommended completing the transfer of all managed care expenses for children in the custody of the Department of Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

Commission on Judicial Tenure and Discipline. The Assembly merged the Commission on Judicial Tenure and Discipline into the Judiciary, shifting 1.0 position and \$119,705 from general revenues.

Department of Public Safety. The Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Environmental Administrative Adjudication Program. Governor Carcieri proposed legislation to transfer the administrative adjudication program from the Department of Environmental Management into the Department of Administration. His budget included \$551,331 from general revenues to support three of the five positions that staff the office and proposed laying off the remaining two positions. The Office adjudicates all appeals pertaining to applications or permits for environmental matters. The Assembly did not concur and provided \$666,308 to fund the program in the Department of Environmental Management.

Department of Veterans' Affairs. The Assembly enacted legislation establishing the Department of Veterans' Affairs within the Office of Health and Human Services effective July 1, 2009. Governor Carcieri vetoed the legislation.

FY 2009

Department of Elderly Affairs and Advocacy. The 2007 Assembly enacted legislation requiring the Governor to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities, no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri recommended the consolidation of the Commission on the Deaf and Hard of Hearing, the Developmental Disabilities Council, and the Governor's Commission on Disabilities with the Department of Elderly Affairs to form the new Department of Elderly Affairs and Advocacy in compliance with legislation passed by the 2007 Assembly. He did not include the Child Advocate or the Mental Health Advocate in the consolidation, indicating that these two agencies should remain

separate to perform their independent oversight functions. The Assembly did not concur with the merger proposal. It maintained the Governor's Commission on Disabilities and the Commission on the Deaf and Hard of Hearing as agencies along with the Child Advocate and the Mental Health Advocate. The Assembly also transferred the Developmental Disabilities Council to the University of Rhode Island's budget, while the Council seeks federal approval to become a non-profit corporation.

Coastal Resources Management Council. Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

State Water Resources Board. Governor Carcieri proposed to merge the Water Resources Board's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Board Corporate would remain intact as a quasi-public agency. The Governor assumed \$492,636 of general revenue savings by reducing the staff assigned to perform the functions of the Board from 9.0 positions to 6.0 positions. The Assembly did not concur and maintained the Board as a separate agency.

Office of Health and Human Services. Governor Carcieri transferred 96.4 positions from the five health and human service agencies under the control of the executive office in compliance with legislation adopted by the 2007 Assembly. The transfer includes the fiscal and legal functions performed by the five agencies. The Assembly concurred; however transferred ten positions back to the agencies, consistent with a Governor's budget amendment.

Department of Public Safety. The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

Contingency Funds. The 2007 Assembly transferred the contingency account from the Department of Administration to the Office of the Governor and provided \$100,000 in funding. Governor Carcieri retained the FY 2008 appropriation fund in his Office in FY 2008 and included a supplemental appropriation in the Department of Administration. He recommended \$1.0 million for FY 2009 in the Department of Administration. The Assembly provided \$500,000 for the contingency fund within the Office of the Governor.

Accounts Payable Centralization. The Governor's budget added \$0.6 million from general revenues to fund 8.0 full-time equivalent positions to consolidate executive branch invoice payments into the Office of Accounts and Control. The Budget assumes a statewide elimination of 13.0 positions that previously performed these functions in various departments. The Assembly concurred.

Information Technology Contractor Consolidation Savings. Governor Carcieri proposed to eliminate 62 contractors statewide for a savings of \$4.8 million and hire 39.4 full-time equivalent positions. The Budget includes \$3.5 million from all funds, including \$2.0 million from general revenues to fund the positions. The net savings to the state is \$1.3 million. The Assembly concurred.

West Warwick Branch Closure. Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch is currently staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget will not be complete until FY 2010.

Proprietary School Review. Governor Carcieri transferred proprietary school review from the Office of Higher Education to the Department of Business Regulation. The Board of Governors for Higher Education has the authority to approve or deny the request for authorization to operate proprietary schools. Proprietary schools provide education and training in business, correspondence, and trade that grant awards only at the pre-associate certificate level. The Assembly did not concur.

Burglar Alarm Regulation. Governor Carcieri transferred the burglar alarm regulation licensing process from the Department of Business Regulation to the Department of Labor and Training. The Assembly concurred.

Senior Community Service Employment Program. Governor Carcieri transferred the senior community service employment program from the Department of Elderly Affairs to the Department of Labor and Training. The United States Department of Labor provides funding to develop and expand employment and training opportunities for persons age 55 and over who are at or below 125 percent of the federal poverty guidelines. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended statutory language to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Economic Policy Council. Governor Carcieri recommended that the Economic Development Corporation assumes responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

FY 2010

Local Government Assistance Program. Governor Carcieri's Budget reflects the transfer of the Local Government Assistance program from the Department of Administration to the Department of Revenue. The program provides assistance to municipal offices, mainly for city and town clerks. It also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Assembly concurred.

Contractors' Registration and Licensing Board. Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the

Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

Registry Branch Closures. Governor Carcieri recommended the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. There is no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget includes legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren. It provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

State Lab Consolidation. Governor Carcieri recommended the transfer of the Forensic Sciences Unit with the exception of toxicology and its 12.6 full-time equivalent positions from the Department of Health to the Department of Public Safety and added 3.0 new staff. The proposal is based on the activities being more in line with the public safety function. The Governor submitted Article 12 of 2009-H 5983 to shift the Forensic Science Unit from the Department of Health to the Department of Public Safety. The Governor did not include a proposal for the University of Rhode Island Crime Lab, which is funded through an appropriation in the Office of the Attorney General's budget.

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes the current Department of Health's 12.6 positions and \$1.6 million associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

Public Utilities Commissioners. Governor Carcieri again recommended statutory language as part of his FY 2009 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of Commissioners.

Managed Care Transfer. Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

Paratransit Program. The Assembly enacted legislation to transfer the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. Governor Carcieri had requested an amendment to shift only the Medicaid eligible portion of the program from Elderly Affairs to Human Services.

Food Nutrition Service Function. The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition program from the Department of Health and any other such programs into the Office of Health and Human Services by March 1, 2010.

Client Protective Services. The Assembly enacted legislation to transfer client protective services functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the Office of Health and Human Services by January 1, 2011.

Community Health Centers. The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. Governor Carcieri's FY 2010 budget continued that funding but substituted \$0.6 million from available federal matching funds. The 2009 Assembly shifted the expense from the Department of Health to the Department of Human Services.

OHHS/Department of Health. Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Office of Health and Human Services and retained the positions within the Office.

Veterans' Affairs. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and Governor Carcieri signed it into law on November 9, 2009 which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently a division within the Department of Human Services.

Water Resources Board Corporate Transfer to Clean Water Finance Agency. The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer will become effective once the debt of the Board Corporate is paid off, which is projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

FY 2011

Sheriffs to Department of Public Safety. Governor Carcieri recommended the transfer of \$16.5 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. The Assembly did not concur and maintained the Sheriffs in the Department of Administration.

Registry Branch Consolidation. Governor Carcieri recommended the closure of the Pawtucket branch and the Rhode Island Mall branch. The Division of Motor Vehicles is scheduled to move to its new headquarters on the Pastore Center in August 2010. The Rhode Island Mall branch will be closed in March 2010. The Division indicated that the Rhode Island Mall branch will be too close to the Pastore Center and costly to retrofit. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended statutory language as part of his FY 2010 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly concurred and included legislation in Article 7 of 2010-H 7397 Substitute A, as amended.

Commission on Women. Governor Carcieri recommended the discontinuation of paid support staff for the volunteer commission and eliminated general revenue funds. The Assembly concurred.

Women, Infants and Children Transfer. Governor Carcieri recommended the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds for the Women, Infants and Children program from the Department of Health to the Department of Human Services, effective October 1, 2010. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the Department of Health to the Office of Health and Human Services by March 1, 2010. The Assembly concurred with the transfer to the Department of Human Services effective October 1, 2010.

Rhode Island State Crime Lab. The 2009 Assembly transferred the budget for the State Crime Lab at the University of Rhode Island from the Office of the Attorney General to the Department of Health. The state crime laboratory is responsible for providing technical services, including examination and evaluation of physical evidence collected at the scene of a crime or related to a crime. The 2010 Assembly included legislation in Article 7 of 2010–H 7397 Substitute A, as amended that requires the Director of the Department of Administration to develop and submit a report by December 1, 2010 that studies and provides specific recommendations regarding the allocation of staffing, use of facilities, and identifies any additional needs for the continued operation of the Rhode Island State Crime Lab.

Department of Veterans' Affairs. Governor Carcieri's budget recommended a delay in the creation of a new Department of Veterans' Affairs within the Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009 which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently a division within the Department of Human Services. The Assembly concurred.

Higher Education Assistance Authority and Public Telecommunications. Governor Carcieri proposed legislation that requires the Board of Governors for Higher Education to develop and submit a report by October 1, 2010 that reviews and assesses the Higher Education Assistance Authority and the Rhode Island Public Telecommunications Authority to see if the stated missions and current programs reflect the needs of the populations intended to be served. The Assembly did not concur.

Dispatch Unit and Port Security. Governor Carcieri recommended the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety no later than January 1, 2011. However, the Governor's budget did not include the transfer of positions or funding for these activities. The Assembly concurred.

Transportation. Governor Carcieri proposed legislation that requires the Director of the Department of Transportation to develop and submit a report by October 1, 2010 that studies the feasibility of transferring the Rhode Island Public Transit Authority to the Department of Transportation. The Assembly did not concur.

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2011-H 5894 Substitute A as Amended

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2012.

Section 2. Line Item Appropriations. This section establishes that each line of Section 1 in Article 1 constitutes an appropriation.

Section 3. Transfer of Functions. This section of Article 1 authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section of Article 1 allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. Section 5 of Article 1 authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 6. Legislative Intent. This section of Article 1 authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

Section 7. Temporary Disability Insurance Funds. Section 7 of Article 1 appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2012. This section appears annually.

Section 8. Employment Security Funds. Section 8 of Article 1 appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2012. This section appears annually.

Section 9. Rhode Island Housing and Mortgage Finance Corporation. This section of Article 1 requires that the Rhode Island Housing and Mortgage Finance Corporation provide \$1.5 million from its resources to fund the Neighborhood Opportunities Program for FY 2012.

Section 10. Lottery. This section of Article 1 appropriates to the Lottery Division any funds required for the payment of prizes and commissions. Prizes are not included as expenditures in the budget.

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2012. It also provides that no contracted employee can be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and determination of need by the Director of Administration. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In

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addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization.

Total staffing is 14,942.2 full-time equivalent positions, which are 114.6 more than the FY 2011 enacted budget.

Section 12. Multi Year Appropriations. Section 12 of Article 1 makes multi-year appropriations for a number of capital projects included in the FY 2012 through FY 2016 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2012 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2011 Appropriations Act.

Section 13. Reappropriations. This section of Article 1 provides for automatic reappropriation of unexpended balances from FY 2011 Rhode Island Capital Plan fund projects over \$500. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 14. Extension of Previous Authorizations. This section authorizes the extension of the issuance of \$1.2 million of Preservation, Recreation and Heritage general obligation bonds until June 30, 2014, and \$5.0 million of Emergency Water Interconnect general obligation bonds and \$21.9 million of Open Space Recreation, Bay and Watershed Protection general obligation bonds until November 2, 2013.

Section 15. Resource Recovery Transfer. This section mandates the transfer of \$3.5 million from insurance settlement proceeds from the Resource Recovery Corporation to general revenues by June 30, 2012.

Section 16. Effective Date. This section of Article 1 establishes July 1, 2011 as the effective date of the article.

Article 2. FY 2011 Revised Appropriations

Section 1. FY 2011 Appropriations. This section of Article 2 contains the revised appropriations for FY 2011.

Section 2. Line Item Appropriations. This section establishes that each line of Section 1 in Article 2 constitutes an appropriation.

Section 3. Internal Service Funds. Section 3 of Article 2 authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 4. Full-Time Equivalent Positions. This section of Article 2 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2011.

Total staffing is 14,957.6 full-time equivalent positions, 130.0 more than the FY 2011 enacted budget.

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Section 5. Effective Date. This section establishes that this article is effective upon passage.

Article 3. Tipping Fees

This article mandates that any municipality entering into contracts with the Resource Recovery Corporation must include plans explaining how those municipalities will divert 50 percent of its solid waste, 35 percent of which must be recycled, beginning with the contracts currently in place. The article also extends the current municipal tipping fees through FY 2014. This includes \$32.00 per ton for any municipalities recycling between zero and 24.99 percent, \$31.00 per ton for municipalities recycling between 25 and 29.99 percent, \$30.00 per ton for those recycling between 30 and 34.99 percent and \$29.00 per ton for those recycling 35 percent or more of its solid waste at the Corporation's materials recycling facility.

Article 4. Unemployment Insurance

This article makes changes to the state's unemployment insurance system to progressively increase the balance of the Trust Fund over the next four years. Tax changes begin January 1, 2012 and benefit and eligibility changes begin July 1, 2012. The article assumes additional tax revenues of \$2.5 million into the Trust Fund in FY 2012 and assumes the Trust Fund will become solvent in FY 2015.

The article makes two changes to taxes. First, it changes the method of determining the taxable wage base and increases it from \$19,000 to 46.5 percent of 2010 wages and all future wages, which is an estimated \$19,600 in 2012 for all employers. Secondly, it increases the new taxable wage base by \$1,500 for employers who have the highest negative reserve account balances, since these employers pay less into the fund than their former employees receive in benefits.

The article also makes three changes to reduce benefit rates incrementally over the next four years. It reduces the percent of wages used to determine benefits from 36 percent to 33 percent of wages earned, reduces the percent of wages replaced from 4.62 percent to 3.85 percent of the average quarterly wage and reduces the maximum weekly benefit from 67.5 percent to 57.5 percent of the average weekly wage. The final two benefit changes relate to eligibility. The first increases the earnings needed to overcome disqualifications from misconduct, refusal of suitable work and voluntarily leaving work, while the second change delays the receipt of benefits by any amount received from severance pay.

Article 5. Education Aid

Article 5 makes changes to FY 2011 and FY 2012 education aid to districts. Section 1 adds \$0.7 million from general revenues for FY 2011 education aid to districts in lieu of \$0.7 million less available from state fiscal stabilization funds based on the final allocation between elementary and secondary education and higher education and adjusts group home beds consistent with current law requirements. Section 2 uses \$32.0 million from federal education jobs funds that districts will receive for use in FY 2011 and FY 2012 in lieu of general revenues to fund education aid consistent with the new funding formula for FY 2012.

Section 3 imposes a three-year moratorium on the approval of new school housing aid projects with exception for projects necessitated by health and safety reasons effective July 1, 2011. It also requires

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the Department of Elementary and Secondary Education to develop recommendations for cost containment strategies in the school housing aid program.

Article 6. Host Beach Community Reimbursement

This article decreases the reimbursement rate for the distribution of beach revenue collections to the four host beach communities of Charlestown, Westerly, Narragansett and South Kingstown from 27.0 percent to 16.0 percent. The Department of Environmental Management collects fees for daily and seasonal parking at seven facilities across the state and reimburses the host communities. The budget assumes the Department would raise the fees through its administrative rules process, and the article decreases the reimbursement rate to maintain communities' payments at their current level, while capturing the additional \$1.5 million of revenue for state use.

Article 7. Tax Anticipation Notes

Article 7 allows the state to borrow a maximum of \$350.0 million during FY 2012 for cash flow purposes in anticipation of tax receipts. The note must be repaid by June 30, 2012.

Article 8. Longevity Payments

Article 8 ends new longevity payments for all state employees and employees of quasi-public agencies effective July 1, 2011 or upon the expiration of any current collectively bargained contract. Employees would continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non union staff. The out year estimate for FY 2013 includes savings of \$4.0 million from this action.

Article 9. Government Restructuring

Section 1. Crime Lab. This section shifts funding for the Rhode Island State Crime Lab from the Department of Health's budget to the University of Rhode Island's budget.

Section 2. Elderly Affairs. This section merges the Department of Elderly Affairs with the Department of Human Services effective July 1, 2011. The budget includes general revenue savings of \$0.1 million from the merger.

Sections 3 through 7. Veterans Affairs. Sections 3 through 7 maintain the Division of Veterans' Affairs in the Department of Human Services, instead of creating a new Department of Veterans' Affairs on July 1, 2011. It also creates the position of Director of Veterans' Affairs.

Section 8. HIV/AIDS Programs. Section 8 shifts the HIV/AIDS direct services programs and all resources from the Department of Health to the Department of Human Services. This reflects the transfer of 4.0 full-time staff and FY 2012 recommended funding of \$13.1 million from all sources, including \$2.6 million from general revenues.

Sections 9 through 12. Water Resources Board. These sections merge the Water Resources Board into the Department of Administration's Division of Statewide Planning, effective July 1, 2011. The merger would transfer three of the six positions from the Board to the Division, while maintaining the

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Water Resources Board Corporate. The merger will more closely align the water planning aspects of the Board with the statewide planning process.

Section 13. Weatherization and LIHEAP. This section transfers the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources in the Department of Administration to the Department of Human Services, effective July 1, 2012, which is FY 2013.

Section 14. Fraud and Abuse. This section requires the auditor general to chair a task force of state and local officials to develop and implement a plan that identifies and coordinates programs that prevent fraud, waste, abuse, and mismanagement of public funds.

Section 15. Public Safety Communications Dispatch. This section delays the transfer of the dispatch functions of the Division of Enforcement from the Department of Environmental Management to the Department of Public Safety, until January 1, 2012.

Section 16. Higher Education. This section directs the Department of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation by November 2011. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education.

Sections 17 through 23. Sheriffs. These sections transfer the funding, positions, and responsibilities of the Division of Sheriffs from the Department of Administration to the Department of Public Safety. These sections of Article 9 maintain the 10-year appointment of the Executive High Sheriff, the Sheriffs and the Chief Deputy Sheriffs.

Sections 24 and 25. BHDDH. These sections set the current rates paid for services provided to adults with developmental disabilities through the individualized service plans to be in effect until July 1, 2011 when the new rate system is implemented.

Article 10. Education

Article 10 makes technical changes to the statewide transportation statutes to clarify the intent of the legislation and authorizes districts to use small vans to transport students if the vans meet certain safety requirements. The article authorizes the School for the Deaf to rent or lease space in its school building and retain the rental fees in a restricted receipt account to support its operations; the Budget assumes \$67,500 in savings. The article also adds language clarifying the legislative intent when it established a fee for service program in FY 2010 to the section of law that describes the mechanism for payment of certain education services at the School for the Deaf. Article 10 also creates a restricted receipt account for local tuition payments to the Davies Career and Technical School from local school districts in accordance with the new education funding formula.

Article 11. Children's Health Account

The article changes the method of the annual assessment applied to all insurers for home health services, children and adolescent intensive treatment services and Comprehensive Evaluation,

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Diagnosis, Assessment, Referral and Re-evaluation services by charging the assessment for each individual service provided. Currently, the assessment is charged on the aggregate costs of services within one of the three expense categories. The article also increases the maximum assessment from \$6,000 to \$7,500 per child per service per year, effective upon passage.

Article 12. Municipal Accountability, Stability and Transparency

Section 1. School Committees. This section of this article removes the requirement that school committees publish notice of meetings in the newspaper.

Section 2. Retiree Health. This section allows municipalities to require its retirees to enroll in Medicare upon eligibility as a condition of receiving or continuing to receive retirement and other post employment benefits. Municipalities that require Medicare enrollment shall have the right to negotiate any Medicare supplement or gap coverage for eligible retirees but shall not be required to provide any other healthcare coverage for Medicare-eligible retirees or spouses who have reached age 65.

Sections 3 through 8. IOD/Disability. These sections give the Workers' Compensation court the power and authority to hear and decide appeals relating to injuries on duty and accidental disability claims. It requires individuals receiving injured on duty benefits for an injury occurring on or after July 1, 2011 to apply for an accidental disability retirement within 18 months of being injured. It also allows individuals that have been denied a disability pension and municipalities or the state that believe the Retirement Board erred in granting a disability pension the right to appeal.

Sections 9 through 11. Distressed Communities. These sections make a technical correction to specify that \$784,458 of the appropriation in FY 2011 and FY 2012 from the Distressed Communities Relief Fund shall be distributed equally to each qualifying distressed community in the FY 2011 and FY 2012 budgets.

Section 12. Library Construction. *This section imposes a three-year moratorium on acceptance of applications for library construction aid projects.*

Sections 13 through 18. Municipal Reporting. *These sections require that all municipalities provide a five-year forecast to the Division of Municipal Finance including options for fully funding annually required post employment benefit liabilities, provide fiscal impact statements for changes in health care plans and to notify the auditor general and the Division within 30 days after the end of the fiscal year if it is likely to incur a deficit. It requires municipalities to submit corrective action plans. It also requires municipalities to submit the certified tax roll to the Division no later than the next succeeding August 15.*

Article 13. Vehicle Registration

This article allows the Division of Motor Vehicles to assess a fee up to \$25 for each temporary registration plate. Current law allows car dealers to purchase temporary registration plates in a packet of 10 at a fee of \$200, which equates to \$20 each. The amount charged above \$20 would be retained

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by a vendor for a convenience fee. The article also delays the requirement for a general reissuance plate by two years from September 1, 2011 to September 1, 2013. The act takes effect July 1, 2011.

Article 14. Nursing Home Reimbursement Rates

This article eliminates the current nursing home principles of reimbursement and replaces it with a methodology to pay a base rate to each nursing home continuing to recognize patient acuity and the minimum occupancy requirements beginning January 1, 2012. It also requires the Office of Health and Human Services to submit a report to the House and Senate Finance Committee chairpersons by November 1, 2011 on the new methodology.

Article 15. Hospital Payments

Article 15 restricts the rates used by the Department of Human Services to pay hospitals for both inpatient and outpatient services through the state's managed care plans, which cannot be higher than national growth rates set by the Centers for Medicare and Medicaid Services. The current restriction on outpatient rates is set to expire on January 1, 2012 with the inpatient restriction expiring January 1, 2013. This article also specifies that fee-for-service outpatient rates will be equal to what Medicare pays for similar services.

Article 15 also adds language to end hospitals' year end settlement reports for payments for outpatient and inpatient services, beginning in FY 2010 and FY 2011 respectively, to coincide with the new hospital rate reimbursement system that pays closer to cost. The article also increases the thresholds that trigger hospital compliance with the certificate of need process adjusted annually for the consumer price index.

The article instructs the secretary of the Office of Health and Human Services, along with the health insurance commissioner, to appoint the health care planning and accountability advisory council by September 30, 2011. The article replaces the health insurance commissioner with the Director of the Department of Health as a council member and allows for certain designees. The council has the authority to develop ongoing assessments of the state's health care needs and health care system, including the capacity of health care providers, services, including transportation and equipment. The article provides that an annual report be submitted every July to the Governor and General Assembly on the implementation of the plan that was adopted by the council.

Article 16. Medicaid Global Waiver

Article 16 is a resolution to notify the Assembly and seek approval to make ten changes to the Medicaid global waiver for programs through the Department of Human Services, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, and the Department of Children, Youth and Families. The changes affect reimbursement methodologies for services provided by nursing homes, hospitals, and agencies serving adults with developmental disabilities. The article also makes changes to programs provided to adults with mental health and substance abuse issues and children through the Department of Children, Youth and Families and increases the monthly cost sharing requirement for RITE Care families. These are considered category 2 because the changes are statutory with potential changes to the state's rules and regulations.

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The article also requires a review of managed care plans with a report to be submitted to the Assembly and directs the Department of Human Services to enter into a contract by July 1, 2012 to manage the long term care and acute care benefits of Medicaid eligible individuals and those eligible for both Medicare and Medicaid, also called dual eligibles.

Article 17. Department of Children, Youth and Families

Section 1. Abused and Neglected Children. This section of Article 17 amends the definition of child abuse and neglect to conform with federal standards in the Child Abuse and Prevention Act. Currently, the Department may remove a child from the home if child protective investigators feel that a child has suffered abuse or neglect and that continued care and custody by the parents may result in further harm to the child. This article amends current law to define child abuse as any recent act or failure to act on the part of a parent or caretaker which results in death, serious physical or emotional harm, sexual abuse or exploitation. The budget assumes savings of \$0.6 million from general revenues from reduced investigations and removals from homes.

Section 2. Rules and Regulations. This section authorizes the Department of Children, Youth and Families to impose fees or charges for background checks on individuals who are seeking to operate a facility which is required to be licensed by the Department, who are seeking employment at the Department which involves supervisory or disciplinary power over a child and involves routine contact with a child without the presence of other employees, or who are seeking employment at the Training School. The budget includes savings of \$0.1 million from assessing a \$10 fee for background checks done through the Child Abuse and Neglect Tracking System.

Sections 3 and 4. Electronic Monitoring. These sections authorize the Family Court to place a youth detained at the Training School in an appropriate community based setting where he or she shall be supervised by a probation officer. During the period of time that the youth is in a community based setting or on probation, the Family Court may include the use of electronic surveillance or monitoring devices. The budget includes general revenue savings of \$0.4 million from this initiative.

Article 18. Hospital Uncompensated Care

This article extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2013 that does not exceed \$129.8 million. This article includes a \$12.1 million outpatient upper payment limit reimbursement to the community hospitals and provides a separate \$1.0 million state only payment for acute care expenses, \$0.5 million each to South County Hospital and Westerly Hospital.

Article 19. Fees

Sections 1 through 3. LP and LLP. Sections 1 and 2 of this article subject limited partnership and limited liability partnerships to the Corporate Minimum Tax, which is currently at \$500. These entities are currently exempt from the minimum tax; however, they are required to file annually with the Secretary of State. The budget assumes \$0.8 million in new revenues from both limited

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partnership and limited liability partnerships paying this tax. The annualized revenue increase would be \$1.6 million.

Section 4. Combined Reporting. This section requires a “unitary business” to file returns as if combined reporting were required along with their regular return for tax years 2012 and 2013. This will allow the Division of Taxation to collect enough data to report to the General Assembly by March 2014 on the potential impact of implementing combined reporting and the various approaches to this policy. The Governor had proposed implementing combined reporting effective 2012.

Sections 5 through 10. Tax Incentives. These sections of Article 19 require tax credit recipients to report to the tax administrator the number of full-time, part-time and seasonal employee’s name, social security number, date of hire and hourly wage. It further requires that the Department of Revenue compile and publish an annual unified report by January 15 of each fiscal year. This report must include a summary of jobs created or retained, an overview of benefits offered and the amount of the tax credit. Currently, the Division of Taxation annually reports the names, addresses and amount of tax credits received during the previous fiscal year.

Section 11. Hospital Licensing Fee. This section includes an FY 2012 hospital licensing fee at 5.43 percent of hospitals’ net patient services revenue for the hospital fiscal year ending on or after January 1, 2010. It also includes the due date for filing returns and making the payment.

The total revenue collected from the hospitals will be \$144.0 million including \$138.0 million from the community hospitals and \$6.0 million from Eleanor Slater Hospital at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This article appears annually in the Appropriations Act.

Section 12. Department of Business Regulation. This section increases fees for the application and/or the renewal of two specific professional licenses. The security sales representative licensing fee would increase by \$15 from \$60 to \$75 and the federal covered advisor licensing fee by \$50 per year from \$250 to \$300. These increases will yield \$1.2 million in additional revenues for FY 2012.

Section 13. Commercial Drivers License. This section authorizes the Board of Governors for Higher Education to establish a fee of up to \$100 for the Community College of Rhode Island to administer a skill test examination for a commercial driver’s license. Currently, there is a \$50 fee for a skill test examination administered by the Division of Motor Vehicles, which is dedicated to the Community College of Rhode Island to offset administrative costs of conducting the driving skills examination.

Section 14. Lottery Winnings. This section allows for the garnishing of lottery winnings over \$600 when unpaid state taxes are owed. The FY 2012 Budget assumes \$141,457 in revenues from this action.

Section 15. Estate Filing Fee. This section increases the estate filing fee from \$25 to \$50. The fee has been \$25 since it was instituted in 1993. The FY 2012 Budget assumes increased revenues of \$108,915.

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Section 16. Letter of Good Standing. This section increases the fee to obtain a letter of good standing from the Division of Taxation from \$25 to \$50. This fee was instituted in 1993. The FY 2012 Budget assumes increased revenues of \$122,925.

Section 17. Compassion Center. This section imposes a 4.0 percent surcharge on net patient revenues generated at the Compassion Centers. The Budget assumes revenues of \$0.7 million which will be deposited into the general fund.

Section 18. Lists of Tax Delinquents. This section allows the Division of Taxation to list the top 100 individuals and the top 100 businesses that are delinquent in paying taxes in excess of 90 days. The Division of Taxation currently posts a list of the top 100 tax delinquents. The FY 2012 Budget assumes revenues of \$1.8 million from passage of this section.

Section 19. Return Checks Fee. This section authorizes the Division of Motor Vehicles to assess a fee up to \$50 on returned checks. The Division incurs \$3.71 in various fees whenever a check is returned for insufficient funds. The FY 2012 Budget includes \$18,720 in revenues assuming a fee of \$25.

Section 20. Tax Refund Offset. This section enables the Division of Taxation to contract with state agencies and municipalities to collect debts on their behalf. It also allows the Division of Taxation to offset tax refunds for outstanding debt owed. The FY 2012 Budget assumes \$0.2 million in revenues based on estimates for only the Department of Corrections.

Sections 21 and 22. EDC and Industrial Facilities Corporation. These sections of Article 19 rescind the authority for the Economic Development Corporation and the Industrial Facilities Corporation to grant project status, effective July 1, 2011. These projects are exempt from the sales tax. Eliminating the authority for the corporations to grant project status would generate additional revenues of \$0.1 million in FY 2012 growing to \$4.4 million in FY 2016.

Sections 23 through 26. Sales Tax. These sections apply sales and use tax to over-the-counter or nonprescription drugs, the trade-in allowance of proceeds for motor vehicles that have been declared a total loss, medical marijuana, sightseeing package tours and prewritten computer software, effective October 1, 2011. It also stipulates that in the event that Congress enacts legislation to require remote sellers to collect and remit taxes, the sales tax would decrease from 7.0 percent to 6.5 percent; the local meals and beverage and hotel taxes would increase from 1.0 percent to 1.5 percent.

Article 20. Corrections

This article allows certain inmates with chronic and incurable illnesses to be eligible for medical parole, particularly when incarceration is no longer punitive and/or rehabilitative. It also authorizes the Parole Board to determine when psychiatric reports are required rather than having the state psychiatrist examine every prisoner applying for parole. Lastly, it includes a provision that requires the director of the Department of Corrections to submit a quarterly report to the chairs of the House and Senate Finance Committees and their respective advisors on the progress of consolidating inmates out of the Donald Price Medium Security facility into available bed spaces in the rest of the system.

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Article 21. Retiree Health Care Trust Fund

Article 21 amends the retiree health care trust fund statute based on recommendations made by the Other Post Employment Benefits (OPEB) Board. It clarifies that the board may collect contributions from quasi-public agencies that are part of the Trust Fund. It also removes the Board's authority to interpret or decide claims for benefits or resolve disputes and gives the Board the right to research, question, investigate and make recommendations of findings to the Department of Administration. It also delays the submission of the first report of the Board to October 2012; it had been January 2011. It also changes the requirement for actuarial valuation and experience study from every year to every two years. Finally, it modifies the method of payment of administration costs from the Fund. This article also requires anyone entitled to post employment benefits offered by the state to enroll in Medicare upon eligibility as a condition of receiving or continuing to receive access to post-employment benefits.

Article 22. Transportation Funding

This article creates a transportation trust fund and provides that incremental increases of transportation related surcharges will be dedicated to the fund. Article 22 will reduce the Department of Transportation's reliance on borrowing while transitioning to a pay-go system. Beginning on July 1, 2013 there will be a \$10.00 surcharge on biannual vehicle registrations that will increase in \$10.00 increments to a total of \$30.00, the annual registration surcharge will increase in \$5.00 increments to a total of \$15.00 and the license surcharge will increase in \$10.00 increments to a total of \$30.00.

The incremental increases begin in FY 2014 and by FY 2016, they will generate approximately \$20 million annually. These funds will be combined with a dedicated annual stream of \$20 million from Rhode Island Capital Plan funds, which will be provided in Section 12 of Article 1 in future appropriations acts. Together the funds will provide the \$40 million of state matching funds for transportation funding that is currently generated through debt issuance.

Article 23. Human Services

Article 23 makes four changes relating to human services. First, it reduces the state's portion of the supplemental security income monthly payment made to assisted living residents to its federally required minimum payment of \$332. Secondly, it mandates that any medical benefit claim first be submitted to commercial insurers, Medicare and/or a Medicaid managed care plan before a state agency pays the claim. Thirdly, it also allows Rhode Island Works clients to immediately enter into intensive education and training programs if the client needs these services in order to obtain gainful employment instead of requiring the individual to seek employment first. The fourth change allows all current participants in the Rhode Island Pharmaceutical Assistance to the Elderly program to continue to receive services in addition to their Medicare Part D benefits.

Article 24. Job Training Funds

This article requires the Human Resource Investment Council to provide a funding plan outlining resources necessary to achieve the Council's priorities and to serve the anticipated number of participants within the biennial employment and training plan submitted to the Governor and General

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Assembly. It also requires the Council develop and maintain a comprehensive inventory and analysis of all workforce development activities in the state, establish an advisory group to assist in the analysis and requires all departments and agencies to provide information that is necessary or desirable by the Council for this analysis.

Article 25. Casino Gaming

This article authorizes state-operated casino gaming at Twin River, subject to statewide and local voter approvals. It includes a provision that allows the state to determine the percentage for table games in the 2012 legislative session prior to the vote. The article amends current law to remove the earning threshold that must be met by Newport Grand in order for the state to share in the marketing costs. It allows Twin River and Newport Grand to offer more promotional points and allows the state and the facilities to share in the increased cost of acquiring machines with the latest technology, such as 3-D graphics. The Article also extends the provision to allow host communities for Twin River and Newport Grand to receive an enhanced share of revenues from those generated during extended hours of operation.

Article 26. Information Technology Fund

This article creates an Information Technology Fund. The Fund will be supported from land sales proceeds. The funds will be used for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. The budget includes expenditures of \$1.0 million from restricted receipts, based on the current estimate of land sale revenue.

Article 27. Consolidated Advertising

This article requires all advertising expenses for all state departments be handled by the Department of Administration. Additionally, the Department would work with quasi-public agencies in facilitating negotiations for advertising expenses. The savings from this consolidation would go into the General Fund. This article was later repealed.

28. Effective Date

Article 28 provides that the act shall take effect upon passage, except where a provision within the article specifies a retroactive or prospective effective date.