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# **Section V**

**FY 2012  
Revised Budget**

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**FY 2012 Revised Budget  
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## FY 2012 Revised Budget

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Function*</b>				
General Government	\$ 1,744.7	\$ 1,417.9	\$ 1,709.1	\$ 1,755.5
Human Services	3,012.4	3,112.8	3,139.5	3,136.2
Education	2,103.3	2,167.2	2,215.3	2,220.9
Public Safety	439.5	474.5	510.9	504.0
Natural Resources	73.4	102.8	111.3	112.7
Transportation	345.2	427.0	452.3	440.9
<b>Total</b>	<b>\$ 7,718.5</b>	<b>\$ 7,702.2</b>	<b>\$ 8,138.4</b>	<b>\$ 8,170.1</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,418.2	\$ 1,475.9	\$ 1,527.5	\$ 1,517.0
Contracted Services	193.9	235.5	262.1	268.0
<b>Subtotal</b>	<b>\$ 1,612.0</b>	<b>\$ 1,711.4</b>	<b>\$ 1,789.6</b>	<b>\$ 1,785.0</b>
Other State Operations	634.7	669.8	676.0	687.9
Aid to Local Units of Government	1,093.8	1,076.2	1,124.1	1,084.8
Assistance, Grants, and Benefits	3,789.0	3,605.2	3,788.1	3,871.0
Capital	165.1	255.8	329.0	321.2
Capital Debt Service	206.6	242.0	267.7	261.7
Operating Transfers	217.3	141.7	163.8	158.6
<b>Total</b>	<b>\$ 7,718.5</b>	<b>\$ 7,702.2</b>	<b>\$ 8,138.4</b>	<b>\$ 8,170.1</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 2,956.1	\$ 3,142.5	\$ 3,183.8	\$ 3,172.8
Federal Aid	2,748.0	2,606.5	2,841.6	2,865.9
Restricted Receipts	158.9	189.6	219.4	227.1
Other	1,855.6	1,763.6	1,893.6	1,904.3
<b>Total</b>	<b>\$ 7,718.5</b>	<b>\$ 7,702.2</b>	<b>\$ 8,138.4</b>	<b>\$ 8,170.1</b>
<b>FTE Authorization</b>	<b>14,771.4</b>	<b>14,942.2</b>	<b>14,941.1</b>	<b>14,837.7</b>
<b>FTE Average</b>	<b>13,593.8</b>			

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2012, along with his recommendations for FY 2013, are contained in 2012-H 7323, introduced on February 1, 2012. The General Assembly extended the deadline for his budget submittal by 12 days from January 19 to January 31.

The Governor recommends total revised expenditures for FY 2012 of \$8,170.1 million, which is \$467.9 million or 6.1 percent more than enacted by the 2011 Assembly. Total expenditures would increase \$451.6 million or 5.9 percent over reported FY 2011 expenditures. General revenue expenditures are \$30.3 million or 1.0 percent more than included in the FY 2012 budget adopted by the 2011 Assembly and \$216.7 million or 7.3 percent more than actual FY 2011 expenditures.

<b>FY 2012 Revised</b>	<b>General</b>				
	<b>Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2011 Final	\$ 2,974.2	\$ 3,085.0	\$ 181.2	\$ 1,916.8	\$ 8,157.2
FY 2011 Actual	2,956.1	2,748.0	158.9	1,855.6	7,718.5
Difference	\$ (18.1)	\$ (337.0)	\$ (22.4)	\$ (61.2)	\$ (438.7)
FY 2012 Enacted	\$ 3,142.5	\$ 2,606.5	\$ 189.6	\$ 1,763.6	\$ 7,702.2
Governor's FY 2012 Revised	3,172.8	2,865.9	227.1	1,904.3	8,170.1
Governor's Change to Enacted	\$ 30.3	\$ 259.5	\$ 37.4	\$ 140.7	\$ 467.9
Percent Change	1.0%	10.0%	19.7%	8.0%	6.1%

Expenditures from federal funds are \$259.5 million more than enacted and \$118.0 million more than FY 2011. Expenditures from restricted receipts are \$37.4 million or 19.7 percent more than enacted and \$68.2 million more than FY 2011. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$140.7 million or 8.0 percent more than enacted and \$48.7 million more than FY 2011.

For the first time in several years, there was not a significant budget gap to be solved in the current year, while the Assembly deliberated the FY 2012 budget. Conversely more favorable revenues and expenditure reductions allowed for a significant surplus to be carried into FY 2012 to assist with that budget.

The FY 2011 budget ended with an even larger surplus than projected. The FY 2011 final budget projected a general revenue free surplus of \$57.2 million would be available for FY 2012. However, the closing statements the State Controller finalized on January 5, 2012 showed a closing surplus of \$64.2 million, or \$7.0 million more.

<b>FY 2011 Closing</b>	<b>Enacted</b>	<b>Actual</b>	<b>Variance</b>
<i>Open:</i> Free Surplus	\$ 17,889,522	\$ 17,889,522	\$ -
<i>Plus:</i> Reappropriated Surplus	3,364,847	3,364,847	-
<i>Equals:</i> Total Surplus	21,254,369	21,254,369	-
<i>Plus:</i> Revenues	3,090,983,107	3,084,318,195	(6,664,912)
<i>Minus:</i> Transfer to Budget Stabilization Fund	(80,830,688)	(80,657,401)	173,287
<i>Equals:</i> Total Available	3,031,406,788	3,024,915,163	(6,491,625)
<i>Minus:</i> Expenditures	(2,974,204,052)	(2,956,153,495)	18,050,557
<i>Equals:</i> Closing Surplus	\$ 57,202,736	\$ 68,761,668	\$ 11,558,932
<i>Minus:</i> Reappropriations	-	(4,532,242)	(4,532,242)
<i>Equals:</i> Free Surplus	\$ 57,202,736	\$ 64,229,426	\$ 7,026,690

Revenues were \$6.7 million less than estimated. The lower revenues cause transfers to the Budget Reserve and Cash Stabilization Fund to be \$0.2 million less. Expenditures were \$18.1 million less than enacted; \$4.5 million must be reappropriated into FY 2012. The total is \$7.0 million more than the \$57.2 million anticipated surplus.

The FY 2012 enacted budget assumed over \$20 million of unidentified statewide savings that were proposed as part of the Governor's original budget recommendation. His revised budget restores a significant portion of those savings, notably in the Department of Corrections. The revised budget also includes \$7.0 million to close a projected deficit in the Department of Children, Youth and Families. The pages that follow include full analyses of the expenditure changes in the departments and agencies.

The revised budget as presented, would leave a \$6.0 million surplus for FY 2013. The general revenue surplus statement for FY 2013 shows an ending surplus of \$1.4 million and is presented as part of the overview of his FY 2013 budget recommendations in that section of this analysis.

	<b>Enacted</b>	<b>Governor</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 57,202,736	\$ 64,229,426	\$ 7,026,690
Reappropriated Surplus	-	4,532,242	4,532,242
<b>Subtotal</b>	\$ 57,202,736	\$ 68,761,668	\$ 11,558,932
<b>Revenues</b>	3,175,996,362	3,175,996,362	-
November Revenue Conference	-	19,418,638	19,418,638
Governor Changes	-	6,000,000	6,000,000
Total Revenues	3,175,996,362	3,201,415,000	25,418,638
Budget Reserve Fund	<b>(90,529,575)</b>	<b>(91,438,044)</b>	<b>(908,469)</b>
<b>Total Available Resources</b>	\$ 3,142,669,523	\$ 3,178,738,624	\$ 36,069,101
<b>Expenditures</b>	3,142,501,188	3,142,501,188	-
Reappropriation	-	4,532,242	-
November Caseload Conference	-	(1,097,485)	(1,097,485)
Governor Changes	-	26,825,272	26,825,272
Total Expenditures	\$ 3,142,501,188	\$ 3,172,761,217	\$ 30,260,029
<b>Free Surplus</b>	168,335	5,977,407	5,809,072
<b>Rainy Day Fund</b>	148,727,159	150,219,644	1,492,485
<i>Operating Surplus/(Deficit)</i>	\$ <i>(57,034,401)</i>	\$ <i>(58,252,019)</i>	\$ <i>(1,217,618)</i>



## Department of Administration

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,499,997	\$ 1,326,065	\$ 1,870,922	\$ 2,166,297
Accounts & Control	3,500,663	3,751,998	3,797,887	3,781,171
Budgeting	1,893,698	2,015,159	2,346,320	2,363,543
Purchasing	2,171,963	2,780,346	2,643,921	2,634,362
Auditing	1,243,959	1,376,922	1,242,653	1,240,008
Human Resources	10,564,613	11,510,839	11,093,273	11,059,220
Personnel Appeal Board	63,344	73,560	74,676	74,676
General	107,591,860	43,157,098	62,178,233	60,667,976
Debt Service	190,799,910	200,904,497	200,904,497	191,694,481
Legal Services	1,735,578	1,825,486	1,937,643	1,932,094
Facilities Management	34,529,296	36,456,953	36,729,017	36,680,452
Capital Projects and Prop. Mgt.	3,490,228	3,922,079	4,132,549	4,124,616
Information Technology	26,972,748	30,379,954	30,378,673	30,516,234
Library Programs	2,230,948	2,223,311	2,373,198	2,371,396
Planning	14,110,637	21,679,192	21,389,361	21,383,491
Undistributed Savings	-	(3,000,000)	-	-
Energy Resources	47,993,113	53,551,892	74,321,626	74,321,626
Sheriffs	15,829,950	-	-	-
<b>Total</b>	<b>\$ 466,222,505</b>	<b>\$ 413,935,351</b>	<b>\$ 457,414,449</b>	<b>\$ 447,011,643</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 75,323,288	\$ 64,174,915	\$ 65,876,358	\$ 65,633,096
Contracted Services	5,815,914	5,173,630	5,939,571	6,281,571
<b>Subtotal</b>	<b>\$ 81,139,202</b>	<b>\$ 69,348,545</b>	<b>\$ 71,815,929</b>	<b>\$ 71,914,667</b>
Other State Operations	32,379,490	32,712,222	34,136,272	34,207,035
Aid to Local Units of Government	60,573,635	11,595,170	11,595,170	11,595,170
Assistance, Grants, and Benefits	63,554,598	73,266,161	102,341,540	102,327,365
Capital	8,144,012	21,232,542	31,744,827	29,636,711
Capital Debt Service	161,717,043	200,704,497	200,704,497	191,484,481
Operating Transfers	58,714,525	5,076,214	5,076,214	5,846,214
<b>Total</b>	<b>\$ 466,222,505</b>	<b>\$ 413,935,351</b>	<b>\$ 457,414,449</b>	<b>\$ 447,011,643</b>
<b>Sources of Funds</b>				
General Revenue	\$ 331,624,887	\$ 246,446,221	\$ 251,444,400	\$ 248,884,402
Federal Aid	64,251,529	69,084,207	94,562,375	96,578,355
Restricted Receipts	56,126,717	20,059,071	22,808,880	81,919,647
Other	14,219,372	78,345,852	88,598,794	19,629,239
<b>Total</b>	<b>\$ 466,222,505</b>	<b>\$ 413,935,351</b>	<b>\$ 457,414,449</b>	<b>\$ 447,011,643</b>
<b>FTE Authorization</b>	<b>871.6</b>	<b>694.6</b>	<b>694.6</b>	<b>694.2</b>
<b>FTE Average</b>	<b>803.7</b>			

**FY 2012 Revised Request.** The Department requests revised expenditures of \$457.4 million, \$43.5 million more than enacted. This includes increases of \$5.0 million from general revenues, \$25.5 million from federal funds for stimulus related projects, \$2.7 million from restricted receipts and \$10.3 million from other funds, primarily Rhode Island Capital Plan funds. The request assumes the allocation of \$3.0 million that the enacted budget included in statewide savings from a medical benefit holiday. Adjusted for that, the increase from general revenues is \$2.0 million.

*The Governor recommends expenditures totaling \$447.0 million, including \$248.9 million from general revenues. This is \$33.1 million more than enacted, including the allocation of \$3.0 million for a medical benefit holiday. The recommendation is \$10.4 million less than request, primarily to reflect adjustments to debt service and capital expenditures. Debt service expenditures reflect a shift of \$4.0 million from gasoline tax proceeds to general revenues and federal funds. The Governor recommended 0.4 positions less than enacted and requested.*

**Staffing Authorization.** Consistent with the authorized level, the Department requests staffing authorization of 694.6 full-time positions for FY 2012. The request reflects the reallocation of 2.0 current vacancies, one each from the Office of Energy Resources and the Division of Information Technology to Central Management. The enacted budget did not authorize 2.0 positions the Governor recommended. Both of the positions are currently filled. *The Governor recommends staffing of 694.2 positions, 0.4 fewer than the authorized level to reflect filled positions in the Budget Office.*

**Statewide Medical Benefits.** The enacted budget includes \$3.0 million in general revenue savings from one medical benefit holiday in FY 2012. The request assumes the distribution of the savings. *The Governor recommends funding as requested.*

### **Economic Development Corporation**

**America's Cup World Series Event.** Rhode Island is hosting an America's Cup World Series event from June 23 through July 1, 2012 in Newport. The Department of Environmental Management has been working with the Corporation to design improvements to Fort Adams to allow the City and the state to host large-scale sailing events, such as this.

*The Governor recommends general revenue expenditures of \$770,000 to the Economic Development Corporation for services, primarily security that will be provided by the state during the event.*

**State Small Business Credit Incentive.** In September 2010, President Obama signed into law the Small Business Jobs Act of 2010, which created the State Small Business Credit Initiative and was funded with \$1.5 billion to ramp up state programs that support lending to small businesses. The state was awarded a total of \$13.2 million. The revised request assumes use of \$8.7 million in FY 2012 and \$4.5 million in FY 2013. The following entities were approved as "participating state programs" and will receive the following amounts: \$9.0 million for the Slater Technology Fund, \$2.0 million for the Small Business Loan Fund and \$2.0 million for Betaspring.

The State Small Business Incentive Credit requires participating states "to use the federal funds to leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs." Additionally, the program will allow states to build on successful models for state small business programs, including collateral support programs, capital access programs, and loan guarantee programs. *The Governor recommends funding as requested.*

## Energy Resources

**Stimulus – State Energy Program.** The request includes \$14.3 million from federal stimulus funds for the State Energy Program; \$9.9 million in carry forward funds from FY 2011 unexpended balances. Though all the funds have already been obligated, the Act requires that all of it must be spent by April 30, 2012. If the funds are not expended by that date, the State Energy Office can request an extension on a project by project basis, which would be granted solely at the discretion of the Department of Energy. Of the requested amount, \$13.9 million is budgeted for grants and \$0.4 million is for operating expenses, of which \$0.3 million is to fund 3.8 full-time positions.

The Act requires that the funds be distributed on a formula basis and to take into account population and energy usage. The 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. *The Governor recommends funding as requested.*

**Stimulus – Weatherization Assistance Program.** The Department requests \$7.5 million from federal stimulus funds for the Weatherization Assistance Program, \$2.5 million more than enacted to reflect carry forward funds from FY 2011. 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. The state received a total of \$20.1 million and the American Recovery and Reinvestment Act requires that all of the funds must be spent by March 31, 2012. Information obtained from the state's accounting system indicates that as of November 28, 2011, \$1.8 million has been spent and \$4.7 million has been encumbered, resulting in a balance of \$1.0 million. *The Governor recommends funding as requested.*

**Stimulus – Other Projects.** The request includes \$7.7 million from federal stimulus funds, \$5.2 million more than enacted to reflect carry forward funds from FY 2011, of which \$5.0 million is for the Energy Conservation Block Grants and \$0.2 million is for the Energy Assurance Plan. The funds can be used for the implementation of specific programs established under the Energy Independence and Security Act of 2007; to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The funds will be distributed on the existing formula, which takes into account population and other factors. The Department indicates that the funds will be allotted to all municipalities in three installments. The Act requires that the funds be spent by September 13, 2012. *The Governor recommends funding as requested.*

**Low Income Heating Assistance Program.** The request includes \$24.6 million from federal funds, \$1.0 million less than enacted to reflect anticipated awards for the Low Income Home Energy Assistance Program. The program provides funds to assist Rhode Island's low income households to meet the increasing cost of home energy and reduce the severity of an energy related crisis. The program currently assists approximately 37,000 low income households and grants range from \$300 to \$450 depending on income level. *The Governor recommends funding as requested.*

**Demand Side Energy Grants.** The Department requests revised expenditures of \$6.5 million from restricted receipts to make energy grants for weatherization, gas and electric boiler replacements. The request is \$3.3 million more than enacted to reflect legislation adopted by the 2011 Assembly to remove the gas energy efficiency program charge of \$0.15 per deca therm and aligning funding for the program with the Least Cost Procurement provisions contained in Rhode Island General Laws 49-1-27.7. The provisions allow the Public Utilities Commission to determine the tax rate based on revised plans for

energy efficiency projects that have been reviewed and approved by the Energy Efficiency and Resources Management Council.

The Public Utilities Commission set the rate at \$0.411 per deca therm based on the 2011 Revised Plan for Natural Gas Program, effective August 1, 2011. At the current rate, National Grid estimated that \$20.1 million in revenues will be collected. Of that, \$6.5 million is for the Demand Side Energy grants to target low income households and National Grid retains the remaining funds for energy efficiency projects. The additional funds will allow the State Energy Resources Office to provide an additional 1,766 households with energy efficiency grants. *The Governor recommends funding as requested.*

**All Other Energy Resources.** The request includes \$13.8 million from all funding sources for all other expenditures for the Office of Energy Resources. This is \$0.9 million more than enacted, of which \$1.1 million is from federal funds primarily for the Weatherization Assistance Program to reflect the anticipated award from the U.S. Department of Health and Human Services. 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. The request includes \$4.2 million or \$52,271 less for the Regional Greenhouse Gas Initiative to reflect anticipated receipts from the sale of emission allowances. *The Governor recommends funding as requested.*

### Facilities Management

**Utility Savings.** The Department projects utility costs of \$19.6 million from all funds for FY 2012, including \$16.8 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 7.4 percent or \$1.3 million more than FY 2011 reported expenditures of \$18.2 million and is \$0.3 million less than the enacted budget. This reflects savings of \$0.8 million from electricity, which are partially offset by an increase of \$0.4 million for natural gas to include expenditures for the Energy Efficiency Program rate change that increased from \$0.15 per deca therm to \$0.411 per deca therm, effective August 1, 2011. The Department projects this expense at \$0.5 million for FY 2012; expenditures were \$0.2 million each in FY 2011 and FY 2010. The request also includes an increase of \$0.1 million for sewer usage due to a rate increase. *The Governor recommends funding as requested.*

**Unachieved Savings.** The Department's FY 2012 budget request includes a savings of \$1.1 million from all funds, including \$656,211 from general revenues in the Division of Facilities Management to be achieved from various departments that obtain services from the Division. Subsequently, the Governor requested an amendment to his original recommendation to restore \$0.7 million of the savings, including \$257,000 from general revenues. The Assembly restored \$0.4 million. The Department indicates that the savings are not achievable and the FY 2012 revised request restores the general revenue savings. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$7.8 million from all funds including \$6.8 million from general revenues for all other expenditures for the Division of Facilities Management to support building operations, maintenance and repairs for 365 state properties, including the Pastore Campus. This is \$0.2 million or 2.9 percent more than enacted; \$0.6 million more from general revenues and \$0.3 million less from all other sources. The enacted budget included savings that the Department proposed as part of its constrained budget request. The revised request is \$173,168 more than FY 2011 and \$233,245 more than FY 2010 expenses. Based on historical spending patterns, it appears that the proposed savings were not achievable. The general revenue request includes increases of \$0.3 million

for janitorial services and supplies, \$21,453 for fire alarm monitoring services, \$0.1 million for insurance costs based on a revaluation of the State House and the Cranston Street Armory and \$0.1 million for various maintenance repairs. *The Governor recommends funding as requested.*

### **Information Technology**

**RI Financial Accounting Network System.** The Department requests \$1.1 million, or \$256,331 more than enacted for operational expenditures of the Rhode Island Financial Accounting Network System. The request includes the restoration of \$176,251 for contracts of license and maintenance costs. These savings were proposed as part of the Department's FY 2012 constrained budget. Subsequently, it indicated that the savings are not achievable. The request includes new expenditures of \$80,080 for contracted Oracle database administrator. The part-time administrator will ensure that backups are being completed, provide disaster recovery services and provide technical advice on system enhancements. *The Governor recommends funding as requested.*

**Labor and Training Federal Funds Shortfall.** The enacted budget includes \$26.6 million from all funds for all centralized information technology services, of which \$17.2 million or 64.7 percent is from general revenues. The Department requests revised expenditures of \$26.6 million; however, shifts \$0.8 million of federal expenses to general revenues due to an anticipated federal fund shortfall in the Department of Labor and Training. This consists of \$0.7 million for salaries and benefits and \$0.1 million for operating expenses. The Department of Labor and Training indicates that it is anticipating continued downward trends in federal funding for its programs, which thereby decreases service costs that could be allocated to federal funds. The Division allocates the expenses based on services rendered the year before and the various state agencies reimburse the Division for the non-general revenue portion of the service costs. If user agencies do not have other sources available then the Division retains the service costs as general revenue expenses.

The Division indicates that it is in the process of developing a system that would enable it to identify shortfalls from other sources sooner. This issue will become more prevalent as federal sources from stimulus funds are extinguished. Subsequent to the budget submission, the Department of Labor and Training indicated that it received some federal grants for information technology related projects. If the grants are not designated for specific projects, some of the funds may be used to decrease this shortfall. *The Governor recommends funding as requested.*

**Information Technology Operations Center.** The Department requests revised expenditures of \$2.7 million from Rhode Island Capital Plan funds for the Information Technology Enterprise Operations Center. In the fall of 2009, the Department purchased an 80,000 square foot building off Jefferson Boulevard. Renovations were completed in late September 2011 and the Division of Information Technology moved in mid-November 2011. The request is \$2.4 million more than enacted and is \$1.4 million more than the approved plan. It includes new expenditures of \$275,000 to seal coat the parking lot, upgrade the security system and wall repair.

Subsequently, the Department indicated that it inadvertently overstated the request by \$1.0 million.

*The Governor recommends \$1.4 million, including \$1.1 million in reappropriated funds and \$275,000 for the requested new items.*

**Other Staffing.** The Department requests \$22.0 million from all funds, including \$14.4 million or 65.5 percent from general revenues to fund salary and benefit expenses of 190.5 full-time positions for the Division of Information Technology. The Division is responsible for oversight, coordination and

development of all computer resources within the Executive Branch. The request is \$0.5 million less than enacted from all sources and 1.0 fewer position than the authorized level. It includes an additional \$131,367 for overtime expenses, for which the enacted budget included \$250,000. Reported overtime expenditures were \$202,296 in FY 2011 and \$173,667 in FY 2010. The request assumes \$1.4 million or \$0.5 million more in turnover savings than enacted to reflect the Department's priority to fund requested positions that the Assembly had not added in Central Management and the Budget Office. The Department increases turnover in various other programs to fund the restored positions. As of pay period ending November 19, 2011, the Division had 11.5 positions vacant. The request assumes that the Division would fill five of its current vacancies, effective January 2012.

*The Governor recommends \$67,973 more from all funds, including a reduction of \$47,299 from general revenues to reflect savings from the medical benefit holiday.*

**All Other Operations.** The Department requests FY 2012 revised expenditures of \$7.3 million from all funds for the Division of Information Technology. This is \$224,730 or 3.1 percent more than enacted, including \$54,251 more from general revenues. This includes an increase of \$0.2 million for the state's SONET Ring, which uses two or more transmission bands between networks for digital cross-connects. The request includes a savings of \$0.1 million from general revenues based on projected hours of contractors who support the state's network and infrastructure, and \$77,657 in savings from the purchase of an enterprise mainframe. The request includes the enacted amount of \$1.0 million from restricted receipts for the Information Technology Revolving Fund that the 2011 Assembly created. The Department indicates that it is in the process of promulgating rules and regulations for the use of this Fund.

*The Governor recommends funding as requested and includes an additional \$135,716 from general revenues to pay for a blade server that was purchased in FY 2011; however, the technical component of the project was not finished by the end of the fiscal year and the Controller disallowed the project cost as an FY 2011 expense.*

### **Overhead Functions**

**Department of Transportation Debt Service.** The Department requests the enacted amount of \$46.2 million from gasoline tax proceeds for debt service expenditures for the Department of Transportation for its general obligation bonds. Per statute, the Department of Administration's budget includes most debt service costs.

*The Governor recommends expenditures of \$45.9 million from all funds, which is \$0.3 million less than enacted and requested. This includes a shift of \$4.0 million from gasoline tax proceeds to general revenues and available federal funds to alleviate a projected shortfall in gasoline tax proceeds in the Department of Transportation.*

**Other Debt Service.** The Department requests the enacted amount of \$154.5 million for all other debt expenditures. The request includes \$23.1 million for Convention Center Authority debt, \$22.6 million for historic tax credits, \$6.7 million for short-term borrowing and \$102.1 million for Certificates of Participation and general obligation debt service costs.

*The Governor recommends \$145.6 million, \$8.9 million less than enacted, including \$5.6 million from general revenues. Major changes include savings of \$1.4 million from interest payments relating to the Historic Tax Credit Trust Fund to reflect a delay in issuance, \$4.5 million from general obligation debt service and \$4.0 million including \$3.2 million from restricted receipts for interest earnings pertaining*

*to short-term borrowing. Interest earnings on borrowed funds are received as restricted receipts and are used to offset the cost of the Tax Anticipation Notes borrowing. It includes \$0.7 million in required payments under the Fidelity Job Rent Credits agreement to reflect actual average filled positions and \$0.5 million from Certificates of Participation for energy conservation projects.*

**Vendor Contract Dispute.** The Department requests FY 2012 revised expenditures of \$135,000 from general revenues for costs associated with a vendor dispute pertaining to the Rhode Island Training School project. The construction on that project was completed in FY 2008 and both the Youth Development and the Youth Assessment facilities were opened in March 2009. The FY 2009 closing statement reported expenditures of \$2.2 million from general revenues for project cost overruns. The Department then indicated that it was in litigation with multiple vendors to reduce the project cost overrun by \$1.3 million for expenses it was refuting. The request includes \$125,000 for an expert witness and \$10,000 for legal expenses. *The Governor recommends funding as requested.*

**Personnel Reform Study.** The current personnel system was designed and implemented more than 50 years ago, and the Administration notes few amendments have been made to it since. The system currently has over 1,000 position classifications. The Department's request did not include any new funds.

*The Governor includes general revenue expenditures of \$0.3 million for a study and review of the state's personnel system. His FY 2013 budget recommendation includes \$0.8 million in savings from the elimination of 12.0 positions based on the restructuring of the system.*

**Water Resources Board.** The Department requests \$0.8 million from general revenues for all operating expenses for the Water Resources Board, \$0.1 million more than enacted for updated salary and benefit costs. The 2011 Assembly enacted legislation to merge the Water Resources Board into the Division of Statewide Planning, while retaining the Board Corporate. The enacted budget includes savings of \$0.3 million assuming that the following positions would be eliminated: general manager, a programming service officer and an implementation aide, effective July 1, 2011. Based on the revised request, it appears that the Board maintained the general manager position and eliminated the principal planner position. This resulted in increased costs for salaries and benefits. Additionally, some of the positions were filled through mid-September. Therefore, all of the savings could not be achieved. *The Governor recommends \$1,980 less than requested to reflect the savings from the medical benefit holiday.*

**Pawtucket Armory Association Grant.** The Department's request included the enacted amount of \$14,175 for a community service grant to the Pawtucket Armory Association, a non-profit corporation, which is currently in receivership. *The Governor recommends the elimination of the grant.*

**Unachieved Personnel Savings.** The enacted budget included a total savings of \$1.0 million compared to the Governor's recommendation from general revenues; consisting of \$0.3 million for the elimination of 2.0 new positions, an executive director and an executive assistant to the director in the Division of Central Management and \$0.7 million from management and budget operations. The Department restores all but \$132,984 of the savings. The Department increases turnover in various other programs to fund the restored savings. *The Governor recommends \$9,402 less than requested to reflect the savings from the medical benefit holiday.*

**All Other Staffing.** Excluding all items mentioned above, the Department requests \$37.7 million from all funds for all other salary and benefit costs of 483.1 full-time positions. This is \$1.4 million or 3.8 percent less than the enacted budget. This includes savings of \$0.8 million from general revenues to

reflect additional turnover. To avoid a large supplemental request to fund restored positions that the Assembly eliminated, the Department increases turnover in various other programs to make it appear as if the savings are being achieved. Expenditures from all other funds reflect a reduction of \$0.6 million to reflect anticipated receipts and available federal funds. As of pay period ending November 19, 2011, the Department had 45 vacancies, 55.5 percent of which is in the Divisions of Facilities Management and Human Resources. The Department indicates that it will maintain all non-critical positions vacant until the budgeted turnover savings are achieved.

*The Governor recommends \$0.2 million less than requested from all funds, including \$0.1 million from general revenues to reflect the savings from the medical benefit holiday.*

**All Other Operations.** The Department requests \$20.1 million from all funds, including \$3.8 million from general revenues for all other state operations. This is \$0.4 million or 1.8 percent more than enacted, including increases of \$56,683 from general revenues, \$0.3 million from federal funds primarily for grants administered by the Division of Planning and slight reductions from restricted and other sources. Of the general revenue increase, \$15,000 is for pension actuarial studies, \$25,000 for outside legal services to defend a wrongful payment claim, and \$16,683 is for various items. The request includes federal fund increases of \$175,502 for green technology training initiatives and \$0.2 million for subscriptions for the Office of Library and Information Services.

*The Governor recommends \$55,167 more than requested, including \$36,175 more from general revenue. This includes \$22,000 for actuarial pension studies to reflect actual costs for which the enacted budget included \$150,000. The recommendation also adds non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

**Other Capital Projects.** The Department requests \$26.3 million from Rhode Island Capital Plan funds for all other capital project expenditures. This is \$7.9 million more than enacted to reflect reappropriated funds from FY 2011 unexpended Rhode Island Capital Plan funds, of which \$2.2 million is for the Veterans Memorial Auditorium and \$0.8 million each is for the utility upgrades and renovations at the Pastore Center.

*The Governor recommends \$6.7 million more than enacted, which is \$1.2 million less than requested. A detailed analysis of the projects is included in the Capital Budget Section of this publication.*

## Department of Business Regulation

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 1,011,250	\$ 1,162,041	\$ 1,106,374	\$ 1,094,956
Banking Regulation	1,289,576	1,597,238	1,767,413	1,596,137
Securities Regulation	755,607	1,066,512	964,684	866,012
Commercial Licensing, Racing & Athletics	948,592	1,229,648	1,158,666	1,018,140
Insurance Regulation	5,397,541	5,321,002	5,447,678	5,267,501
Office of the Health Insurance Commissioner	-	7,212,629	4,358,900	7,245,886
Board of Accountancy	150,886	170,668	142,818	140,672
Boards for Design Professionals	307,890	247,360	331,389	324,337
<b>Total</b>	<b>\$ 9,861,342</b>	<b>\$ 18,007,098</b>	<b>\$ 15,277,922</b>	<b>\$ 17,553,641</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	8,435,473	\$ 10,191,878	\$ 10,368,887	\$ 9,560,987
Contracted Services	1,042,989	5,319,169	3,221,495	5,998,004
<b>Subtotal</b>	<b>\$ 9,478,462</b>	<b>\$ 15,511,047</b>	<b>\$ 13,590,382</b>	<b>\$ 15,558,991</b>
Other State Operations	350,777	1,096,957	941,624	1,095,741
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	1,370	1,379,356	729,678	874,671
Capital	30,733	19,738	16,238	24,238
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 9,861,342</b>	<b>\$ 18,007,098</b>	<b>\$ 15,277,922</b>	<b>\$ 17,553,641</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,128,774	\$ 9,436,378	\$ 9,436,206	\$ 8,832,882
Federal Aid	465,176	6,803,273	3,934,565	6,813,608
Restricted Receipts	1,267,392	1,767,447	1,907,151	1,907,151
Other	-	-	-	-
<b>Total</b>	<b>\$ 9,861,342</b>	<b>\$ 18,007,098</b>	<b>\$ 15,277,922</b>	<b>\$ 17,553,641</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>96.0</b>	<b>96.0</b>	<b>96.0</b>
<b>FTE Average</b>	<b>79.2</b>			

**FY 2012 Revised Request.** The Department of Business Regulation's revised request includes \$2.7 million less from all fund sources including \$172 less from general revenues and \$2.9 million less from federal sources offset by \$139,704 more from restricted receipts. *The Governor recommends \$453,457 less than enacted from all sources, including \$603,496 less from general revenues, \$10,335 more from federal funds and \$139,704 more from restricted receipts. He recommends the authorized number of full-time equivalent positions.*

**Office of Health Insurance Commissioner Intern.** The revised request excludes the \$20,000 from general revenues in the enacted budget to hire an intern to conduct research and analysis of health insurance issues and trends. The Department indicates that the additional staffing has eliminated the necessity for the intern position. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Department requests \$177,009 more than enacted for all other salaries and benefits, including \$19,828 from general revenues, \$148,289 from federal sources and \$8,892 from restricted receipts. The increase in federal funds reflects revised estimates for newly filled positions within the Office of the Health Insurance Commissioner. The general revenue increase reflects restoring a portion of turnover savings and shifts the savings from the Banking Regulation division to other programs.

As of the November 19, 2011 payroll, the Department is averaging 79.5 filled full-time equivalent positions, 17.5 fewer than authorized in the enacted budget. The request appears to be overstated as it assumes some of the vacant positions would have previously been filled.

*The Governor recommends \$630,891 less than enacted for salaries and benefits, which is \$807,900 less than requested. The reduction to the request includes \$0.5 million less from general revenues, \$0.3 million less from federal funds and \$2,407 less from restricted receipts and reflects \$0.7 million from additional turnover savings based on current vacancies. The remainder of the changes is consistent with savings for the medical benefit holiday.*

**Health Care Reform Grants.** Excluding salaries and benefits, the Department requests \$3.0 million less than enacted from federal Department of Health and Human Services grants. This includes \$146,233 less for health insurance premium review and \$24,475 less for a consultant to research health insurance exchange options. The request shifts \$2.2 million from FY 2012 to FY 2013 for consultants to help design and implement a state health insurance exchange to represent a more accurate purchasing schedule than initially anticipated.

*The Governor recommends \$3.2 million more than requested based on further revisions developed after the Department submitted its request. The recommendation includes \$1.3 million more from new grant awards for the rate review program and \$1.9 million more for the exchange one planning grant offset by \$0.1 million less for the exchange policy grant.*

**Actuarial Costs.** The Department includes \$0.9 million from restricted receipts or \$0.1 million more than enacted for actuarial services conducted for insurance regulation. The increase is based upon a negotiated rate increase with the four actuarial firms the Department currently utilizes for studies to assist in the review of insurance rates. The Department spent \$0.6 million for these services in FY 2010 and \$0.7 million in FY 2011. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$947,868, the enacted amount for all other operating expenditures. *The Governor recommends \$67,957 less than requested including reductions to postage, records storage and telephone expenses based on historical spending.*

## Department of Labor and Training

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 537,622	\$ 1,626,414	\$ 1,706,385	\$ 1,905,938
Workforce Development Services	40,242,805	36,033,528	34,830,925	34,810,888
Workforce Regulation and Safety	2,498,959	2,901,435	2,901,435	2,881,080
Income Support	851,491,463	522,153,651	767,454,595	801,782,352
Injured Workers Services	7,990,076	8,555,089	9,165,086	9,164,522
Labor Relations Board	361,722	396,538	388,538	383,631
<b>Total</b>	<b>\$ 903,122,647</b>	<b>\$ 571,666,655</b>	<b>\$ 816,446,964</b>	<b>\$ 850,928,411</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 39,609,332	\$ 41,858,958	\$ 42,687,639	\$ 42,289,039
Contracted Services	3,941,018	4,147,298	5,804,455	5,801,330
<b>Subtotal</b>	<b>\$ 43,550,350</b>	<b>\$ 46,006,256</b>	<b>\$ 48,492,094</b>	<b>\$ 48,090,369</b>
Other State Operations	5,514,422	4,975,312	5,544,687	5,723,993
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	834,067,146	491,183,730	686,229,477	724,534,477
Capital	462,771	1,547,594	2,919,367	3,118,233
Capital Debt Service	-	-	25,683,300	25,683,300
Operating Transfers	19,527,958	27,953,763	47,578,039	43,778,039
<b>Total</b>	<b>\$ 903,122,647</b>	<b>\$ 571,666,655</b>	<b>\$ 816,446,964</b>	<b>\$ 850,928,411</b>
<b>Sources of Funds</b>				
General Revenues	\$ 6,902,874	\$ 7,575,486	\$ 7,657,411	\$ 7,632,540
Federal Funds	234,108,340	99,763,402	198,661,111	212,951,110
Restricted Receipts	16,122,065	17,104,361	43,456,479	43,435,879
Other	645,989,368	447,223,406	566,671,963	586,908,882
<b>Total</b>	<b>\$ 903,122,647</b>	<b>\$ 571,666,655</b>	<b>\$ 816,446,964</b>	<b>\$ 850,928,411</b>
<b>FTE Authorization</b>	<b>512.2</b>	<b>470.2</b>	<b>470.2</b>	<b>470.1</b>
<b>FTE Average</b>	<b>458.5</b>			

**FY 2012 Revised Request.** The Department of Labor and Training requests \$816.4 million from all fund sources, which is \$244.8 million more than enacted. This includes \$81,925 more from general revenues, \$98.9 million more from federal funds, primarily for unemployment insurance benefits, \$26.4 million more from restricted receipts, and \$119.4 million more from other funds, primarily from unemployment insurance funds. The request includes 470.2 full-time equivalent positions, consistent with the enacted authorization.

*The Governor recommends \$850.9 million from all sources, \$279.3 million more than enacted and \$34.5 million more than requested. The change to the request includes reductions of \$24,871 from general revenues and \$20,600 from restricted receipts and increases of \$20.2 million from other funds and \$14.3 million from federal funds, primarily for the unemployment insurance division. He includes 470.1 full-time equivalent positions, which is 0.1 position less than the authorized level.*

**Salaries and Benefits.** The Department requests \$0.8 million or 2.0 percent more from all sources for all salary and benefit requirements for the enacted level of 470.2 full-time equivalent positions. This includes decreases of \$18,621 from general revenues and \$0.5 million from restricted receipts offset by increases of \$1.1 million from federal funds and \$0.3 million from temporary disability insurance funds. The request includes \$1.7 million from federal unemployment insurance administrative funds carried forward from FY 2011 made available from the use of unemployment insurance modernization funding in FY 2011 and restores \$0.3 million from temporary disability insurance funds requested for FY 2012, but not included in the enacted budget.

The Department has maintained an average of 445.7 filled positions in FY 2012, which is 24.5 fewer positions than authorized. However, the request includes a total of \$1.4 million in turnover from maintaining approximately 14 vacant positions, though these positions are not funded with general revenues. It appears that some of the 22.4 unemployment insurance program positions that are not funded will be funded in FY 2012 with the administration funds carried forward from FY 2011. The request includes \$467,000 in overtime expenditures, which is \$64,210 more than enacted, including \$375,000 or \$22,210 more for the unemployment insurance division, new funding of \$92,000 for the workers' compensation program and the elimination of \$50,000 from temporary disability insurance funds.

*The Governor recommends \$0.4 million less from all funds, including \$21,746 less from general revenues. Of this total, \$193,728 from all sources, including \$14,422 from general revenues reflects the distribution of savings from the medical benefit holiday. The Budget Office projects lower staffing expenses than the Department requested for the workforce regulations and injured workers' services divisions and for employment services expenses paid from the Job Development Fund. The recommendation restores \$0.1 million of the \$0.3 million in additional funds requested for the temporary disability insurance division and includes 0.1 fewer position than authorized, adjusting for a rounding error.*

**Police and Fire Relief Fund.** The Department requests \$4.2 million from general revenues for the payment of police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as the disabled worker. This is \$78,092 more than enacted and consists of \$3,437,375 for pension benefits, which is \$4,625 less than enacted, and \$751,705 for education benefits, which is \$82,717 more than enacted, primarily from recent tuition increases. *The Governor recommends funding as requested.*

**Unemployment Insurance Benefits.** The Department requests \$493.2 million from all sources for the payment of unemployment insurance benefits, which is \$193.5 million more than enacted, including \$94.5 million from federal funds and \$98.9 million from other funds, primarily the Employment Security Trust Fund. This includes a higher amount of benefit payments than anticipated as a high number of individuals continue to be considered among the long-term unemployed.

The request is based upon the January 3, 2012 expiration of full federal funding for all extended benefits and the December 31, 2011 end of all state extended benefits, which were the current expiration dates at the time the request was submitted.

Through December 9, 2011, the Department has spent 85.8 percent of the federal funds included in the enacted budget and 49.2 percent of the enacted other funds appropriation. It appears that the federal fund appropriation is needed, though the request may slightly overstate the benefits expected to be paid out as individuals will complete their current tier and then no longer be eligible for benefits. The

request for additional funding from the Trust Fund appears to be more overstated, especially since the state extended benefit program is expected to end in December, leaving new claimants with only 26 weeks of benefits; however, increased military and veteran claims will require additional benefit payments.

*The Governor recommends \$531.5 million for unemployment insurance benefit payments, including \$159.2 million from federal funds and \$372.2 million from the Employment Security Trust Fund. This is \$38.3 million more than requested, including \$14.3 million from federal funds and \$24.0 million from the Trust Fund, reflecting the Department's revised expenditure estimates based upon the December 23, 2011 Congressional extension of federally funded benefits through early March 2012.*

For October 2011, the national unemployment rate was 9.0 percent and Rhode Island had a 10.4 percent seasonally adjusted unemployment rate or 58,638 unemployed residents, down from 11.5 percent or 66,317 unemployed residents in October 2010.

The following table shows the available benefit tiers, the maximum number of weeks of benefits for that tier, the funding source, the effective dates and methods, and the expected expiration dates for each tier. President Obama signed a two-month extension of federal benefits and federal funding of state extended benefits on December 23, 2011. The table reflects the most recent extension.

Benefits Program	Maximum Weeks	Funding Source	Effective Date	Effective Method	Expires
Regular Benefits	26	100 percent State	N/A	N/A	N/A
Federal Emergency Unemployment Compensation (EUC)	20	100 percent Federal	07/01/08	Signed into law by President Bush, effective in payments made July 6, 2008 (PL 110-252), extended five times, most recently 12/23/2011	2/26/12; Phase-out by 8/18/12
Extended Benefits	13	50 percent Federal and 50 percent State	07/06/08	Triggered by 3 month average total unemployment rate of 6.5% or higher and 110% of rate in same period in any of last 2 years. 100 percent federal funding with 3-year lookback through 3/10/2012	Trigger off; 3/4/2012
High Extended Benefits	7	50 percent Federal and 50 percent State	11/09/08	Triggered by 3 month average total unemployment rate of 8.0% or higher and 110% of rate in same period in any of last 2 years. 100 percent federal funding with 3-year lookback through 3/10/2012	Trigger off; 3/4/2012
Extension of Federal Emergency Unemployment Compensation (EUC2)	14	100 percent Federal	11/21/08	Signed into law by President Bush (PL 110-449), extended five times, most recently 12/23/2011. Original passage included 13 weeks, the 11/6/09 extension added 1 week	3/4/12; Phase-out by 8/18/12
Extension of Federal Emergency Unemployment Compensation (EUC3)	13	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended five times, most recently 12/23/2011	3/4/12; Phase-out by 8/18/12
Extension of Federal Emergency Unemployment Compensation (EUC4)	6	100 percent Federal	11/06/09	Signed into law by President Bush (PL 110-449), extended five times, most recently 12/23/2011	3/4/12; Phase-out by 8/18/12
Total Possible Benefit Weeks	99				

**Employment Security Fund.** The enacted budget includes \$10.0 million for the interest payment for the state's federal unemployment insurance loans. The interest payment of \$7.1 million was made on September 30, 2011. The Department requests authorization for an additional \$15.7 million, which reflects the estimated balance of \$18.5 million in the account through June 2012, for use to pay down the principal if the Department feels it makes sense to do so. The Department does not have a specific plan for repaying the principal, but requests all of the estimated available funds so that it has the opportunity to make payments. Future Congressional action will affect these decisions.

The interest payment that will be due on September 30, 2012 is estimated to be about \$12 million. This is higher than the \$7.1 million payment that was due in 2011 because the 2012 payment is based upon 12 months of interest, instead of nine months in FY 2011, and a slightly higher interest rate than 2011, though the average loan balance will be slightly lower. The Department indicated that it needs to carry forward at least \$5.0 million into FY 2013 to ensure there are sufficient funds in the account for the September 2012 payment.

The state's balance on the federal loans is \$212.7 million as of December 15, 2011. The state has borrowed approximately \$378.0 million from the federal government for the payment of benefits and repaid about \$174.2 million in principal and interest. The 2010 Assembly enacted legislation that converted the 0.3 percent surtax that employers will have to pay beginning January 1, 2011 to a 0.3 percent increase in the Job Development Fund assessment to be used solely to pay the principal and interest on the loans. The surtax could only be used to repay the principal, but the assessment increase can be used to repay interest and the principal on the loans.

*The Governor recommends funding as requested, authorizing the expenditure of the additional \$15.7 million in estimated available revenues for the payment of the principal for the state's federal unemployment insurance loans in FY 2012.*

**Unemployment Insurance Administration.** The Department requests \$0.4 million more from all sources for the administration and operations of the unemployment insurance program, excluding salaries and benefits and information technology expenditures. The request includes \$0.2 million more from federal unemployment insurance administration funds and \$0.2 million more from restricted receipts from the Tardy and Interest Fund. Increases include \$0.3 million for legal expenses, assuming a continued appeals claim load similar to FY 2011 and \$0.2 million more for postage expenses and vehicle maintenance, bringing expenses in line with FY 2011 actual expenditures. The request includes reductions of \$0.1 million for all other operating expenditures, also bringing them in line with FY 2011 actual expenditures.

*The Governor recommends \$81,410 more, primarily from federal funds, adding non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

**Trade Readjustment Assistance Programs.** The Department's revised request includes \$5.2 million from federal Trade Readjustment Assistance Act funds, \$0.5 million less than enacted to support initiatives that help workers from Rhode Island companies who lost their jobs due to the adverse impact of foreign trade. The request includes \$1.0 million more for the distribution of weekly trade readjustment allowances and \$1.5 million less for training programs oriented to assist qualified workers to obtain competitive levels of education.

Someone eligible for these benefits must first exhaust all of their unemployment insurance benefits before becoming eligible for this program. Because these other programs take precedence, there have been fewer claims in the past; however, as more individuals have exhausted their unemployment insurance benefits, more claims have been filed for weekly trade readjustment allowances though the requests for training remain constant. The request is based upon the January 3, 2012 termination of federal benefit extensions. *The Governor recommends funding as requested.*

**Workforce Investment Act Grants.** The request includes \$1.8 million more from federal Workforce Investment Act funds to support initiatives oriented to youth, adults and dislocated workers. This increase is primarily for the Providence and Cranston Offices which has seen the largest increase in activity and includes \$1.3 million more than enacted for youth programs, \$0.5 million more for

dislocated worker programs and \$0.1 million more for adult workers. *The Governor recommends funding as requested.*

**Human Resource Investment Council Grants.** The Department requests \$0.1 million less than enacted from restricted receipts to support initiatives of the Governor's Workforce Board through the Human Resource Investment Council primarily to reflect the transfer of \$118,601 to the Community College of Rhode Island for the Career Pathways Program. The request assumes the transfer of \$5.8 million to the Rhode Island Department of Education for Adult Education programming, consistent with the enacted level. The Council receives primary funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. *The Governor recommends funding as requested.*

**Pawtucket NetWorkRI Office.** Due to the anticipated reduction in the availability of federal funds in FY 2013, the Department requests the closure of the Pawtucket NetWorkRI Office, located at 175 Main Street, when the lease ends in April 2012. The 15 staff members will be transferred to the remaining four NetWorkRI locations in Providence, Wakefield, West Warwick and Woonsocket.

The Department is working to determine if space is available elsewhere in Pawtucket for the office to maintain a presence and continue to provide services, even if on a smaller scale. The Department does not include any savings in the revised request from this closure in case there are delays in exiting the building or another facility is located that requires some rental costs.

NetWorkRI locations provide employment services, such as access and referral to employment and training programs, skills assessments, employment counseling, interview preparation assistance, access to local and national job listings and a resource area with copiers, fax machines, telephones and computer work stations. Services are available free of charge to anyone seeking employment or information.

[Staff note: The FY 2013 request includes the closing of the Pawtucket NetWorkRI office and the elimination of 37.0 Workforce Development Services positions due to the anticipated reduction in available federal funding. If the reduction is not as significant as anticipated, the Department indicates it would prioritize in order to re-open the NetWorkRI office before restoring the 37.0 positions.]

*The Governor's recommendation includes the closure of the Pawtucket NetWorkRI office and does not assume any savings in FY 2012, consistent with the request. The Department is in discussions with the Department of Human Services and the City of Pawtucket to maintain a presence in the city while operating within the available federal funding.*

**Workforce Development Services Operations.** The Department requests \$116 more from all sources for administration and operations of the workforce development services program, excluding salaries and benefits and information technology expenditures. This includes \$30,252 more from federal funds, \$15,764 more from restricted receipts and \$45,900 less from other funds. The other fund reduction is for the Shared Youth Vision program, for which the Department anticipated level funding in FY 2012, but the grant was not renewed. The main expenditure increase is \$168,874 for lease costs for all of the NetWorkRI offices, which reflects anticipated reduced reimbursements from the other departments and organizations that have historically contributed towards the lease costs. Other increases include \$21,425 for various maintenance expenses and \$13,470 for postage and printing expenditures, partially offset by reductions of \$131,021 for training and education services for staff members since there are fewer new staff members in need of training and fewer funds available in addition to \$26,732 for all other operating expenses.

*The Governor recommends \$55,172 more than requested, primarily from federal funds, restoring non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

**Temporary Disability Insurance Benefits.** The Department requests the enacted level of \$165.0 million from the Temporary Disability Insurance Fund for the payment of temporary disability insurance benefits that protect eligible workers against wage loss resulting from a non-work related illness or injury. The Department spent an average of \$167.0 million per year from FY 2007 through FY 2009, \$157.3 million in FY 2010, \$156.8 million in FY 2011 and has spent \$52.7 million through December 9, 2011. *The Governor recommends funding as requested.*

**Temporary Disability Insurance Administration.** The Department requests \$0.1 million or 12.5 percent less than enacted from the Temporary Disability Insurance Fund for administration and operations of the temporary disability insurance program, excluding salaries and benefits and information technology expenditures. Expenditure increases include \$59,478 for communications systems maintenance, \$14,920 for software maintenance agreements, and \$18,021 for furniture and related equipment. Expenditure reductions include \$67,011 for postage expenses, \$66,327 for rental expenses, \$25,044 for temporary services and \$25,984 for all other operating expenses.

*The Governor recommends \$21,857 more than requested, adding non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

**Senior Community Service Employment.** The Department requests \$15,893 more from federal funds to support the Senior Community Service Employment program, reflecting higher than anticipated carry forward funding from FY 2011. This includes \$178,131 in carry forward funds from FY 2011 and the annual grant totaling \$480,980. The Department was able to secure the general revenue match through the vendors, consistent with the FY 2011 revised and FY 2012 budgets, thus no general revenue match from the state is needed. *The Governor recommends funding as requested.*

**Workers' Compensation Administration Fund.** The Department requests \$290,000 more than enacted from restricted receipts for claims on the Workers' Compensation Administration Fund, formerly known as the Second Injury Fund. The increase reflects steady utilization levels, but increased costs per case, consistent with FY 2011 expenditures and FY 2012 expenditures to date. *The Governor recommends funding as requested.*

**Workers' Compensation Operations.** The Department requests \$21,389 less than enacted from restricted receipts for administrative and operating expenses for the Workers' Compensation program, excluding salaries and benefits. This includes expenditure reductions of \$34,261 for communication expenses, \$29,234 for software maintenance agreements, and \$18,517 for centralized state services and utilities. Expenditure increases include \$26,172 for doctors, dentists and medical services, \$6,452 for staff training, \$6,203 for maintenance of office, medical and computer equipment, \$2,076 for security services and \$19,720 for all other operating expenditures. *The Governor recommends \$19,393 more than requested, adding non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

**Capital Improvements.** The Department requests \$523,078 more from all fund sources for the replacement or repair of the roof on three of the buildings at the Center General Complex. The request includes \$248,328 more from restricted receipts in the Workers' Compensation Fund and \$274,750 from temporary disability insurance and Rhode Island Capital Plan funds. It also includes the enacted level of \$208,500 from Rhode Island Capital Plan funds for the asset protection project. This request is

not consistent with the capital request; it appears to have inadvertently omitted \$357,860 from federal funds and shifted funding among sources.

*The Governor recommends \$0.2 million more from Rhode Island Capital Plan funds than requested, including \$214,000 more for the asset protection project and \$15,134 less from carry forward funding for the roof replacement project.*

**Information Technology and Computer Equipment.** The Department requests \$2.8 million more from all funding sources for information technology expenses, including \$15,367 from general revenues, primarily in the workforce regulation and safety division. Other increases include \$2.2 million from federal funds for numerous unemployment insurance technology and equipment upgrades, \$0.4 million from workers' compensation funds for ongoing computer equipment and upgrades, and \$0.1 million from temporary disability insurance funds for a new telephone system.

*The Governor recommends \$277 less from general revenues for the Labor Relations Board, keeping the Board's expenditures at the enacted level.*

**Operating Transfers.** The Department's revised request includes \$47.6 million for expenditures classified as "operating transfers," which is \$29.6 million more than enacted. These are shown for accounting purposes to reflect transfers of funds in and out of the state's General Fund, out of the temporary disability insurance and unemployment insurance funds and among state agencies, such as transfers from the Department to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies.

[Staff note: The \$10.0 million for the interest payment on the federal unemployment insurance loans is budgeted here as an operating transfer in the enacted budget. The revised and FY 2013 requests shift the interest payment to a debt service account, which makes it appear that there is less of a change to the enacted than actually exists.]

*The Governor recommends \$3.8 million less from the Employment Trust Fund for the transfer of special unemployment insurance administrative funding specifically for technology upgrades; the requested amount overstated the available funding.*

Transfers to RI Higher Education. The request includes transfers of \$0.8 million from federal funds, which is \$0.5 million less than enacted for the three Rhode Island institutions of higher education in addition to \$0.1 million from restricted receipts from the Human Resource Investment Council for which there is no enacted appropriation. This includes \$0.4 million less from Trade Readjustment Act funding and \$0.1 million less from Workforce Investment Act funds reflecting training program funding consistent with FY 2011 expenditures. There have been fewer individuals in the training programs because of lower eligibility and increased use of other grant and training programs not hosted by one of these three schools.

The Department indicates that additional funding is available for the Trade Adjustment program, but was carried forward in FY 2013, where it is more likely the expenditures will occur. It also assumes a 20 percent funding reduction in FY 2012 for all workforce investment act grants, which also reduces the amount available for these training programs, since they are determined as a percentage of the entire grant award.

The request also includes \$0.1 million transferred from the Human Resource Investment Council for the Career Pathways Program through the Community College. The FY 2011 enacted budget included

a transfer of \$240,000 from the Council to the Community College, but only \$56,399 was reported spent by the Community College. The revised request includes transferring \$118,601 of the remaining \$183,601 for the Community College and assumes the remaining \$65,000 will not be transferred to the Community College at any time in the future. *The Governor recommends funding as requested.*

Unemployment Benefits Owed to Other States. The Department's revised request includes \$0.4 million more from the Employment Security Trust Fund for the payment of unemployment insurance benefits to other states, for total payments of \$15.0 million. This is just the amount that Rhode Island reimburses other states for paying benefits on the state's behalf; there is also a corresponding revenue item in the Rhode Island Office of the General Treasurer for reimbursements from other states, though they are often not equal. The payment of benefits to other states is included in the total benefits paid out, discussed earlier. *The Governor recommends funding as requested.*

Other Unemployment Insurance Funding. The Department requests the transfer of \$5.0 million from the Employment Security Trust Fund to the General Fund in order to spend special unemployment insurance administrative funding specifically designated for technology upgrades. It later indicated that this transfer was overstated. *The Governor recommends \$3.8 million less from the Trust Fund for this transfer, consistent with revised information provided by the Department.*

Temporary Disability Insurance Transfers. The request includes \$1.0 million, which is \$1.0 million less than enacted from Temporary Disability Insurance funds transferred to the Department of Revenue to support the employer tax unit and the Department of Administration for debt service. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$5,947 more from all sources, including \$7,087 more from general revenues for all other operations. The major expenditure increases include \$16,241 for legal expenses, \$6,729 for stenographic services for the Labor Relations Board and workforce regulation and safety division and \$4,632 for printing. The largest expenditure reductions include \$12,549 for security services, \$9,579 for furniture and equipment purchases that are no longer necessary and \$3,269 for early retirement supplemental pensions. The request shifts \$10,000 from general revenues for legal expenses from the Labor Relations Board for teacher arbitration within the central management program; the Department made the same request in the FY 2011 revised budget.

*The Governor recommends \$1,374 less from all sources, including \$2,848 less from general revenues. This includes \$3,874 less for the Labor Relations Board, placing contracted services at the enacted level, \$1,026 more for legal expenses and adds non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

## Department of Revenue

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Office of Director	\$ 576,654	\$ 784,261	\$ 781,390	\$ 777,266
Office of Revenue Analysis	397,085	435,910	439,074	427,198
Lottery Division	223,971,074	218,537,728	218,726,912	227,839,412
Division of Municipal Finance	2,145,472	1,902,940	2,407,357	2,585,366
Taxation	21,963,434	20,591,488	20,787,193	20,718,372
Registry of Motor Vehicles	19,434,668	18,876,707	19,981,979	20,050,072
State Aid	-	55,547,364	55,426,650	58,063,582
<b>Total</b>	<b>\$ 268,488,387</b>	<b>\$ 316,676,398</b>	<b>\$ 318,550,555</b>	<b>\$ 330,461,268</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 34,884,507	\$ 38,021,057	\$ 39,107,657	\$ 38,875,871
Contracted Services	1,924,698	2,353,053	2,538,171	2,762,171
<b>Subtotal</b>	<b>\$ 36,809,205</b>	<b>\$ 40,374,110</b>	<b>\$ 41,645,828</b>	<b>\$ 41,638,042</b>
Other State Operations	225,034,905	219,549,825	219,447,423	228,728,990
Aid to Local Units of Government	-	55,547,364	55,426,650	58,063,582
Assistance, Grants, and Benefits	18,695	13,650	13,650	13,650
Capital	3,364,875	916,750	1,727,870	1,727,870
Capital Debt Service	-	-	-	-
Operating Transfers	3,260,707	274,699	289,134	289,134
<b>Total</b>	<b>\$ 268,488,387</b>	<b>\$ 316,676,398</b>	<b>\$ 318,550,555</b>	<b>\$ 330,461,268</b>
<b>Sources of Funds</b>				
General Revenue	\$ 35,111,465	\$ 92,610,905	\$ 93,682,862	\$ 96,485,682
Federal Aid	1,139,852	2,636,059	2,163,656	2,163,747
Restricted Receipts	4,836,294	1,861,496	2,200,567	2,200,567
Other	227,400,776	219,567,938	220,503,470	229,611,272
<b>Total</b>	<b>\$ 268,488,387</b>	<b>\$ 316,676,398</b>	<b>\$ 318,550,555</b>	<b>\$ 330,461,268</b>
<b>FTE Authorization</b>	<b>426.5</b>	<b>434.5</b>	<b>449.0</b>	<b>449.0</b>
<b>FTE Average</b>	<b>397.8</b>			

**FY 2012 Revised Request.** The Department requests FY 2012 revised expenditures totaling \$318.6 million from all sources of funds, which is \$1.9 million more than enacted. This includes increases of \$1.1 million from general revenues, \$0.3 million from restricted receipts, \$0.9 million from other funds and a decrease of \$0.5 million from federal funds. The Department requests an additional 14.5 full-time positions.

*The Governor recommends \$13.8 million more from all funds than enacted. This is \$11.9 million more than requested, including \$2.8 million more from general revenues, of which \$2.6 million is for the Central Falls pension stabilization payment. He also includes \$9.1 million more than requested from lottery funds based on estimated changes in lottery collections. He recommends staffing consistent with the revised request.*

## Division of Municipal Finance

**Central Falls Receivership.** The 2010 Assembly enacted the "Providing Financial Stability Act" to enable the state to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns. The Department requests \$1.1 million from general revenues or \$0.4 million more than enacted for expenses pertaining to the Central Falls receivership. This includes an additional \$0.3 million for legal services for which the enacted budget already includes \$0.5 million for services to be provided by Orson and Brusini and Edwards, Angell, Palmer and Dodge. The request includes \$240,000 or \$30,000 more for the receiver and \$15,000 to pay for a pension study that was conducted in 2010. It also includes \$35,000 for a review of the City's pension system and \$25,238 for salary and benefit costs for staff who assisted the state appointed receiver through September 2011.

Expenditures pertaining to the receivership totaled \$1.1 million through FY 2011. The City was billed for the oversight costs. The receiver issued the Plan of Debt Adjustment, which indicates that the state's payment for cost incurred would be paid no later than FY 2021. The FY 2013 request also includes \$0.3 million for legal services. *The Governor concurs and includes legislation in Article 28 of 2012-H 7323 to allow the City to reimburse the state at a date no later than June 30, 2021.*

**Municipal Investigative Auditor.** The Department requests \$51,356 in FY 2012 and \$0.1 million in FY 2013 from general revenues to fund a new investigative auditor, effective January 2012, in the Division of Municipal Finance. The position will be responsible for analyzing municipal audits, as it relates to pension and other post employment benefit obligations to determine the fiscal health of municipalities. The position will also be responsible for reviewing municipal accounting procedures, and training staff members in the use of accepted auditing principles. The Division indicates that the position will also help in compiling some of the reporting requirements that the 2011 Assembly adopted. As of the pay period ending November 5, 2011, all of the Division's positions were filled. *The Governor recommends the authorization to fill the position; however, he does not provide any funding in FY 2012.*

## Local Aid

**Property Revaluation Reimbursements.** The Department requests revised expenditures of \$1.0 million to reimburse communities conducting scheduled property revaluations or statistical updates in FY 2012. This is \$0.1 million less than enacted to reflect anticipated expenses. Expenditures fluctuate annually; they were \$0.7 million in FY 2011, \$1.5 million in FY 2010 and \$1.0 million in FY 2009. The following communities are scheduled to conduct revaluations in FY 2012: Barrington, Cranston, East Greenwich, Foster, Middletown, Pawtucket and Woonsocket. *The Governor recommends funding as requested.*

**Central Falls Pension Stabilization Payment.** Funding for this was not included in the Department's revised budget. Subsequent to the budget submission, an agreement was reached with the City of Central Falls' police and fire retirees whose pensions were reduced up to 55.0 percent before the bankruptcy. The Governor proposes legislation in Article 28 of 2012-H 7323 requesting a one-time expense of \$2.6 million to provide supplemental payments to the retirees from FY 2012 through FY 2016, if approved by the Assembly. This would increase the retiree's pension payment to an amount not less than 75.0 percent of the annual pension payments that the retirees had been receiving pre-bankruptcy. After this period, the retirees would receive the originally imposed pension reductions. In the event that the General Assembly appropriates less than the requested \$2.6 million, each retiree's supplemental payment would be reduced by an equal percentage; however, a minimum of \$2.0 million

would be required to make the agreement enforceable. *The Governor recommends \$2.6 million from general revenues to make the supplemental payments.*

**Actuarial Valuations.** Funding for this was not included in the Department's revised request. Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial valuations and to submit them to the study commission, with the state reimbursing communities for half the cost. *The Governor recommends \$234,000 for the reimbursements. He proposes legislation in Article 26 of 2012-H 7323 declaring that the state will reimburse municipalities for half of the cost of the actuarial valuations that are due on April 1, 2012. Subsequent annual actuarial valuations will not be reimbursed by the state.*

### **Registry of Motor Vehicles**

**Strategic Plan.** In early 2011, an assessment of the operations of the Division by the then interim administrator identified the need for additional personnel. The Governor requested an amendment to his original budget to provide \$2.4 million to fund 25.0 full-time positions and consultant services for the Computer Modernization project. The Assembly did not concur with this plan but provided \$0.3 million to fund 2.0 full-time positions and consultant services for the Division to develop a strategic plan to enhance customer services. In October, the Division indicated that it was still in the process of drafting the bid specifications for the Request for Proposal to seek a business consultant to make recommendations to reduce wait times. It has filled the 2.0 positions that the Assembly provided funding for and proposed a plan to hire an additional 14.5 positions starting October 24, 2011; before the completion of the strategic plan.

The Department indicates that it does not expect to have the strategic plan completed in FY 2012 and that it plans to request a reappropriation for the project in FY 2013. *The Governor recommends funding consistent with the enacted budget.*

**New Positions.** The Division requests \$0.6 million in FY 2012 and \$0.8 million in FY 2013 from general revenues to fund 14.5 new positions in the Division of Motor Vehicles to enhance services by reducing wait times at the Cranston Headquarters. The positions primarily consist of customer service representatives. As of pay period ending October 8, the Division had 10.5 vacancies. The Department indicates that 14.0 of the requested positions were filled on October 24. It appears that current vacancies elsewhere within the Department are being used so as not to exceed the authorized level. During the FY 2012 budget consideration, the Governor proposed a plan to add 25.0 full-time positions to reduce wait times at the Registry. The Assembly did not concur with his proposal but provided funding for the development of a strategic plan. *The Governor recommends funding as requested.*

**Registry of Motor Vehicles/Forand Building.** Consistent with its capital budget, the Department requests \$0.5 million in reappropriated Rhode Island Capital Plan funds from FY 2011 unspent balances. The funds will be used to upgrade the HVAC system and complete general building upgrades to improve workflow. The Forand building was renovated to be the new home of the Registry of Motor Vehicles. Construction started in September 2009, and the Division moved in late August 2010. The building formerly housed operations of the Department of Human Services, which it vacated and has since relocated to several other buildings in the Pastore Center. *The Governor recommends funding as requested.*

**IT Computer Modernization Project.** The Department requests revised expenditures of \$0.5 million from all sources of funds, \$0.1 million more than enacted for the Division of Motor Vehicles' technology project. The funds will be used for projects on integrating hardware, software and

information management systems. The request reflects a shift of \$0.3 million of general revenue expenditures to available restricted sources.

The 2006 Assembly authorized the Department of Administration to borrow \$13.0 million from Certificates of Participation to replace the computer system at the Division with debt service supported by a transaction surcharge not to exceed seven years. The Department developed and adopted the \$1.50 surcharge by rule and regulation and started collecting it on July 3, 2007. The 2009 Assembly amended the borrowing authority to extend the collection period to ten years and allow the surcharge to be used for project expenses in addition to debt service. As of June 30, 2011, \$8.6 million in receipts have been collected and expenditures totaled \$7.6 million, resulting in a fund balance of \$1.0 million. The completion date of the project is still unknown; the Department indicates that a new delivery date is being developed. *The Governor recommends funding as requested.*

**Federal Grants Adjustments.** The revised request includes \$0.8 million from federal funds for the Division of Motor Vehicles, \$0.5 million less than enacted. Nearly half of the reduction is from the Real ID program, which requires national standards for the issuance of state driver's licenses and identification cards. The remaining is due to a delay in implementation of the Computer Modernization project for several federal initiatives, including the Commercial Driver's License and the Commercial Vehicle Information System programs, for a network system on commercial vehicles and to link automated testing scores of commercial drivers to their record. *The Governor recommends funding as requested.*

**Software Modifications.** Subsequent to its budget submission, the Department indicated that it would require funding to make modifications to the software, which allows people who apply for a license to also register to vote to comply with Motor Voter regulations. The modifications will include the Moderate Party as an officially recognized political party. *The Governor recommends \$140,000 from general revenues for the software modifications.*

**Other Salaries and Benefits.** Excluding items mentioned above, the request includes \$12.6 million from all sources and staffing of 157.5 full-time positions for the Division of Motor Vehicles. This includes \$0.4 million more from general revenues, a slight reduction from federal funds and staffing consistent with the authorized level. The request includes \$41,450 more for overtime, for which the enacted budget already includes \$318,550. Actual expenditures for overtime were \$0.5 million in FY 2011 or \$68,268 above the final appropriation. As of November 3, 2011, actual expenditures were \$0.1 million or 38.3 percent of the enacted amount. The enacted budget assumes turnover savings of \$0.4 million; the request appears to restore \$0.2 million of that. All other expenditures are \$0.2 million or 1.3 percent more than enacted. The request does not include the savings from the medical benefits holiday, which the enacted budget includes in the Department of Administration for later distribution. *The Governor recommends \$71,907 less than requested to reflect the distribution of savings from the medical benefit holiday.*

**Other Registry Operations.** The Department requests \$5.0 million for all other operating expenses for the Division of Motor Vehicles, \$19,083 less than enacted including \$18,746 from general revenues and a slight reduction from restricted sources. The request includes additional costs for license plate printing to reflect historical spending patterns. It also includes \$50,715 for new expenditures, of which \$17,000 is for a copy machine and the remainder will be used to purchase countertops for the Westerly branch. During consideration of the FY 2012 budget, the Department indicated that it was looking to expand its branch locations into Westerly one day per week and looked into municipal space where no lease would be required. The Assembly provided \$37,800 for operating costs, including computer workstations, telephone and janitorial services. The Division indicates that it is difficult to find

sufficient space. The revised request includes savings from security services, printing costs, lease costs due to delay in reopening the Middletown branch and software maintenance to also reflect delay in implementing the computer system. *The Governor recommends funding as requested.*

### **Lottery Division**

**Operations.** Excluding salaries and benefits, the Department requests \$213.3 million for all other expenditures for the Lottery Division, \$151,659 more than enacted to reflect anticipated expenditures for FY 2012. This includes \$142,870 to purchase five vans and one car. The Department indicates that in recent years, the Division has attempted to replace one-third of its fleet each year in an effort to keep maintenance costs at a minimum. The last replacement occurred in FY 2009. The request also includes an additional \$8,789 for the costs of the State Police trooper assigned to the Division. Consistent with the enacted budget, the request includes \$205.1 million for lottery commission payments. *The Governor recommends \$9.1 million more than requested for lottery commission payments based on estimated changes in lottery collections. The recommendation includes a total of \$214.2 million for commission payments.*

### **All Other Operations**

**Tax Data Warehouse.** Consistent with its capital budget, the Department requests \$0.2 million in reappropriated Rhode Island Capital Plan funds from FY 2011 unspent balances for the Tax Data Warehouse Project. The 2006 Assembly approved \$2.5 million from Certificates of Participation for the Division to purchase computer hardware and associated software to modernize its operations. The Division indicates that since the implementation of that project, more than 30,000 notices have been sent to taxpayers and \$13.0 million has been recovered from delinquency and discrepancy. The 2010 Assembly provided \$0.5 million from Rhode Island Capital Plan funds in FY 2011 to allow users to create, run reports, and perform queries to enhance tax collection. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding all items mentioned above, the Department requests revised expenditures of \$25.9 million from all funds, including \$17.6 million from general revenues for salaries and benefits and staffing of 276.0 full-time positions. This is \$38,815 more than enacted to update turnover savings. The request reflects the elimination of a vacancy in the Division of Taxation and assumes filling 6.0 positions in the Division by November 20, 2011. The request does not assume the savings from the medical benefit holiday, which the enacted budget includes in the Department of Administration for later distribution.

*The Governor recommends \$108,343 less than requested from all funds, including \$74,766 from general revenues to revise the turnover savings in the Division of Municipal Finance. The recommendation also includes the distribution of savings from the medical benefit holiday.*

**Other Operations.** The Department requests \$2.5 million for all other operating expenses, \$5,124 less than enacted from general revenues. It includes \$8,937 for ongoing outside legal services pertaining to the tobacco securitization. It also includes \$0.1 million in savings from printing costs to reflect an initiative in the Division of Taxation to print less and on an as needed basis. The savings were offset by increases of \$65,717 for a payment to the Commonwealth of Massachusetts for tax extracts to enhance information sharing and to improve taxpayer compliance. The request includes \$3,000 more for armored vehicle services and \$22,347 for software maintenance based on historical spending patterns.

*The Governor recommends \$896 more than requested, including \$10,036 less from general revenues primarily for updating the sales and use tax simulation model based on historical expenditures. The recommendation adds non-general revenue funds available from statewide medical benefit savings for unidentified operating expenses.*

## Legislature

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
General Assembly	\$ 6,291,076	\$ 6,688,000	\$ 6,762,668	\$ 6,725,525
Fiscal Advisory Staff	1,417,350	1,635,480	1,659,828	1,655,367
Legislative Council	4,161,495	4,431,511	5,034,156	5,002,920
Joint Comm. on Legislative Affairs	18,191,934	20,135,464	23,194,373	23,105,669
Office of the Auditor General	4,634,006	5,293,036	5,179,580	5,168,046
Special Legislative Commissions	7,247	13,761	13,900	13,900
<b>Total</b>	<b>\$ 34,703,108</b>	<b>\$ 38,197,252</b>	<b>\$ 41,844,505</b>	<b>\$ 41,671,427</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 30,416,844	\$ 31,940,521	\$ 33,400,668	\$ 33,222,224
Contracted Services	562,960	1,348,400	1,290,700	1,290,700
<b>Subtotal</b>	<b>\$ 30,979,804</b>	<b>\$ 33,288,921</b>	<b>\$ 34,691,368</b>	<b>\$ 34,512,924</b>
Other State Operations	2,055,077	2,351,131	3,100,237	3,105,603
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,548,292	2,300,000	2,800,000	2,800,000
Capital	119,935	257,200	1,252,900	1,252,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 34,703,108</b>	<b>\$ 38,197,252</b>	<b>\$ 41,844,505</b>	<b>\$ 41,671,427</b>
<b>Sources of Funds</b>				
General Revenue	\$ 33,127,794	\$ 36,548,053	\$ 40,195,552	\$ 40,022,474
Federal Aid	-	-	-	-
Restricted Receipts	1,575,314	1,649,199	1,648,953	1,648,953
Other	-	-	-	-
<b>Total</b>	<b>\$ 34,703,108</b>	<b>\$ 38,197,252</b>	<b>\$ 41,844,505</b>	<b>\$ 41,671,427</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>
<b>FTE Average</b>	<b>274.5</b>			

**FY 2012 Revised Request.** The Legislature's revised budget of \$41.8 million includes a \$3.8 million general revenue reappropriation and 298.5 full-time equivalent positions.

*The Governor reduces the request by \$173,078 to reflect medical benefit savings.*



## Office of the Lieutenant Governor

	FY 2011		FY 2012		FY 2012	FY 2012
	Reported		Enacted		Rev. Req.	Revised
<b>Expenditures by Category</b>						
Salaries and Benefits	\$ 865,321	\$	1,066,212	\$	1,043,870	\$ 1,040,608
Contracted Services	551		500		750	750
<b>Subtotal</b>	<b>\$ 865,872</b>	<b>\$</b>	<b>1,066,712</b>	<b>\$</b>	<b>1,044,620</b>	<b>\$ 1,041,358</b>
Other State Operations	23,628		22,710		28,810	29,367
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	-		-		-	-
Capital	913		750		5,000	5,000
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
<b>Total</b>	<b>\$ 890,413</b>	<b>\$</b>	<b>1,090,172</b>	<b>\$</b>	<b>1,078,430</b>	<b>\$ 1,075,725</b>
<b>Sources of Funds</b>						
General Revenue	\$ 890,413	\$	965,940	\$	954,239	\$ 951,109
Federal Aid	-		124,232		124,191	124,616
Restricted Receipts	-		-		-	-
Other	-		-		-	-
<b>Total</b>	<b>\$ 890,413</b>	<b>\$</b>	<b>1,090,172</b>	<b>\$</b>	<b>1,078,430</b>	<b>\$ 1,075,725</b>
<b>FTE Authorization</b>	<b>8.0</b>		<b>8.0</b>		<b>8.0</b>	<b>8.0</b>
<b>FTE Average</b>	<b>6.9</b>					

**FY 2012 Revised Request.** The Office of the Lieutenant Governor requests \$11,742 less than the FY 2012 enacted budget, including \$11,701 less from general revenues. *The Governor recommends \$2,705 less than requested, including \$3,130 less from general revenues.*

**Affordable Care Act.** The Patient Protection and Affordable Care Act requires states to have a new mechanism for purchasing health insurance coverage called exchanges, established by January 1, 2014. The Office of the Lieutenant Governor is coordinating these efforts in conjunction with the Office of the Health Insurance Commissioner and the Executive Office of Health and Human Services. The Office requests \$41 less than enacted from federal sources for salaries and benefits and \$1,150 more from general revenues for additional operating expenses associated with the Healthcare Reform Commission. With the availability of federal funds to support the implementation of the Affordable Care Act additional general revenue savings may be available. *The Governor recommends \$425 more than requested for revised personnel costs.*

**Other Staffing and Operations.** The Office requests \$12,851 less than enacted from general revenues for all other staffing and operating expenditures. This includes \$22,301 less than enacted from general revenue turnover savings achieved when the Health Policy Director left during the fiscal year. The request also includes adjustments consistent with Budget Office planning values but does not include the statewide distribution of the medical benefit holiday savings included in the Department of Administration's enacted budget. It appears the Office did not correctly calculate benefit rates causing the request to be overstated by \$3,130. The personnel savings are offset by a request for \$9,450 for

additional operating expenses, including office and computer equipment. *The Governor recommends \$3,130 less than requested.*

## Office of Secretary of State

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Administration	\$ 1,946,875	\$ 2,056,734	\$ 1,978,952	\$ 1,955,857
Corporations	1,918,845	1,891,380	2,210,152	2,229,122
State Archives	509,226	575,933	580,712	582,751
Elections	1,706,765	1,432,530	1,560,754	1,553,983
State Library	573,238	581,844	590,314	592,242
Office of Public Information	340,502	334,439	352,192	339,751
<b>Total</b>	<b>\$ 6,995,451</b>	<b>\$ 6,872,860</b>	<b>\$ 7,273,076</b>	<b>\$ 7,253,706</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,836,476	\$ 5,213,768	\$ 5,190,649	\$ 5,184,929
Contracted Services	231,068	306,125	516,850	504,100
<b>Subtotal</b>	<b>\$ 5,067,544</b>	<b>\$ 5,519,893</b>	<b>\$ 5,707,499</b>	<b>\$ 5,689,029</b>
Other State Operations	1,688,818	1,109,156	1,295,433	1,294,533
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	151,302	136,270	136,270	136,270
Capital	87,787	107,541	133,874	133,874
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,995,451</b>	<b>\$ 6,872,860</b>	<b>\$ 7,273,076</b>	<b>\$ 7,253,706</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,564,258	\$ 6,376,312	\$ 6,716,311	\$ 6,694,902
Federal Aid	33,658	-	55,438	55,438
Restricted Receipts	397,535	496,548	501,327	503,366
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,995,451</b>	<b>\$ 6,872,860</b>	<b>\$ 7,273,076</b>	<b>\$ 7,253,706</b>
<b>FTE Authorization</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>
<b>FTE Average</b>	<b>54.7</b>			

**FY 2012 Revised Request.** The Secretary of State requests revised FY 2012 expenditures of \$7.3 million from all sources, which is \$0.4 million more than the enacted budget. This includes \$339,999 more from general revenues, \$55,438 more from federal funds and \$4,779 more from restricted receipts. The request includes full funding for 57.0 full-time equivalent positions, consistent with the enacted authorization. *The Governor recommends \$7.3 million, \$19,370 less than requested. He recommends 57.0 full-time equivalent positions, consistent with the enacted authorization.*

**Reappropriation: Quick Start Program.** The revised request includes \$190,000 reappropriated from FY 2011 for the Quick Start program, which is intended to provide for an online master application where applicants can enter their contact and business information just once and the information will be automatically entered on all forms the applicant needs to submit. In addition, those who wish to open a

business in Rhode Island will find all of the relevant forms, fees and additional information needed to open a business all in one place.

The FY 2011 enacted budget included \$250,000 for the Quick Start Program, which was intended to be a one-time start-up expense. However, \$190,000 of the funding was not spent, which the Office attributes to two implementation delays. According to the Office, the first delay was with the Department of Administration approving the contract and the other delay was with the change in gubernatorial administrations. The FY 2011 Supplemental Appropriations Act included a provision which required that any unspent funds from the Quick Start Program be automatically reappropriated to FY 2012 to be used for the same purpose. *The Governor recommends funding as requested.*

**Voter Identification Law.** The 2011 General Assembly passed 2011-H 5680 Substitute A, which requires that voters provide proof of identity at the polling place. Beginning in 2012, any person claiming to be a registered voter must provide proof of identity in order to vote in a primary election, special election or general election. Any voter who does not provide the required proof of identity may complete a provisional ballot application, the validity of which will be determined by the local board of canvassers.

The enacted budget did not include funding for the Voter Identification Law, and the Secretary of State is requesting \$150,000 from general revenues for activities related to implementing the law. According to the Office, the funds would be used toward purchasing additional equipment to produce voter identification cards, training existing staff to use the equipment and advertising to notify the public of the new law. The Office indicates that approximately \$50,000 would be spent on equipment and most of the remaining \$100,000 would be spent on advertising and voter awareness campaigns. *The Governor recommends funding as requested.*

**Election Expenses.** The Secretary of State and Board of Elections request \$2.0 million from all sources for expenses directly related to elections, including salaries and benefits, which is \$2,943 more than enacted. This includes \$52,495 less from general revenues and \$55,438 more from federal funds. Fiscal year 2012 is an off-year in the two-year election cycle. *The Governor recommends \$2.0 million from all sources, including \$50,000 less than requested from general revenues to reflect use of \$50,000 in federal Help America Vote Act funds in the enacted budget available to be used toward the annual vendor payment for service and maintenance of all election machines.*

The Secretary of State requests \$55,438 more in FY 2012 revised expenditures and the Board of Elections requests funding as enacted for costs associated with the Help America Vote Act. The enacted budget includes \$50,000 in Help America Vote Act funding for the Board of Elections and no funding for the Secretary of State. The Secretary of State is requesting \$55,438 in Help America Vote Act funds which were not spent in FY 2011. The Office, which is in the process of replacing its Central Voter Registration System, indicates that it had intended to make the first lease payment on the new Central Voter Registration System in FY 2011, but was not able because of various delays. The Secretary of State is requesting to spend \$47,819 for the first lease payment and miscellaneous items related to installation of the new system. The other \$7,619 is for a mock election program to simulate federal elections involving high school students to promote voter participation and education. *The Governor recommends federal funding as requested.*

The Board of Elections is requesting that the \$50,000 in Help America Vote Act funds and also \$271,969 in general revenues be used toward its vendor payment to Election Systems and Software for service and maintenance of all election machines, a reporting system and a project manager. The annual vendor payment is \$271,969, and it appears the Board is overstating its general revenue request

by \$50,000. *The Governor recommends \$50,000 less than requested from general revenues for the annual vendor payment. This reflects that \$50,000 in Help America Vote Act funds are available to be used toward this payment.*

The Secretary of State requests \$21,776 less than enacted from all funds for expenses of regular elections, including \$77,214 less from general revenues. This amount includes \$11,517 less for salaries and benefits in the Elections and Civics Division, which primarily reflects the difference between turnover in the enacted budget and anticipated staffing costs in the division. One administrative assistant position in the division is currently vacant, and the Office indicates that it intends to fill this position in FY 2012. *The Secretary of State requests \$6,771 less than requested primarily to reflect the savings from the medical benefits holiday.*

The Board of Elections requests \$24,719 more from general revenues, excluding salaries and benefits. The Board is requesting \$40,000 for delivery of voting equipment and supplies for which there was no separate funding in the FY 2012 enacted budget because it had been included as a part of the previous Election Systems and Software vendor contract. The Board is assuming this role in an attempt to reduce delivery costs. The request also includes \$28,031 less than enacted for the vendor payment on the Election Systems and Software contract to reflect the actual amount of the payment. *The Governor recommends \$50,000 less than requested from general revenues based on available federal funds for the annual vendor payment.*

**State Archives.** The Secretary of State's revised request of \$580,712 from all sources is \$4,779 more than enacted for the operation of the state archives, which is funded primarily by the Historical Records Trust Fund. The request includes the enacted level of \$79,385 from general revenues and \$501,327 from restricted receipts, which is \$4,779 more than enacted. *The Governor recommends the requested amount of general revenues and \$2,039 less from restricted receipts primarily to reflect savings from the medical benefits holiday and other benefit adjustments.*

**Records Center.** The Records Center is an internal service program that does not appear in the Appropriations Act. User agencies pay a portion of their operating costs into this fund for record storage and retrieval. The Center requests expenditures of \$851,053, \$15,217 less than the enacted appropriation. This includes \$457,980 for 4.8 full-time equivalent positions, or \$2,034 less than the enacted budget. *The Governor recommends funding essentially as requested.*

**Other Salaries and Benefits.** The revised request includes \$11,765 less than enacted from general revenues for salary and benefit expenses for the 41.9 remaining full-time equivalent positions. This appears to reflect current staffing and benefit calculations.

In the FY 2012 enacted budget, the Assembly reduced expenditures by \$87,441 from maintaining at least one vacancy in the Corporations division and shifted the funds to the Elections division for the purchase of two new servers. The revised request includes full funding for two vacant positions, 1.0 each in the Administration and the Corporations divisions. The Office notes that an executive assistant position in Administration and an administrative assistant position in Corporations became vacant after it submitted its FY 2012 revised budget request. The Office further indicates that it plans on filling the two vacant positions before the end of FY 2012.

The revised request does not reflect any savings from the medical benefits holiday. *The Governor recommends \$458 less than requested, which reflects the Budget Office's adjustments to salaries and corresponding benefits for the vacant positions that will be filled and savings from the medical benefits holiday.*

**State House Tours.** The revised request includes \$12,750 for a contract with Johnson and Wales University to coordinate tours of the State House to the public and all the school districts in Rhode Island. Many of the tours accommodate the various educational institutions throughout the state and are at the request of General Assembly members. Students volunteer to lead tours, but the University coordinates the schedules of the students and handles their training. There is no funding in the enacted budget for the tours. Past expenditures include \$12,004 in FY 2007, \$11,730 in FY 2008, \$12,330 in FY 2009, \$12,564 in FY 2010 and \$16,014 in FY 2012. Since FY 2009, the Office requested funding for this item, but neither the Governor nor the Assembly provided the funding. *The Governor does not recommend this funding.*

**Servers Replacement.** The Secretary of State requests \$65,787 in funding for the replacement of servers for everyday operations at the Office's West River Street location.

The Office of the Secretary of State is in the process of replacing two servers, one primarily for the Central Voter Registration and the other for everyday operations at the Office's West River Street location. The Office had indicated that its current servers are struggling to perform daily activities and will not be sufficient to handle the upcoming Presidential Preference Primary in April 2012, causing major information technology and voter registration impacts to the election.

The Office indicates that while the new Central Voter Registration System servers are funded by a combination of Help America Vote Act funds and general revenues, the replacement of the servers for everyday operations is funded solely by general revenues. In the FY 2012 enacted budget, the Assembly reduced expenditures by \$87,441 from maintaining at least one vacancy in the Corporations division and shifted the funds to the Elections division for the purchase of two new servers. Office of the Secretary of State indicates that \$65,787 of this amount was shifted to the Administration account to be used for the replacement of the servers for everyday operations. According to the Office, \$40,000 will be used for the annual contract payment for the servers and the remaining \$25,787 is for equipment related to the operation of the everyday servers such as switches, racks, power supplies and battery backups. The Office indicates that the contract for the servers has not yet been signed, and it anticipates making payments of \$40,000 per year in FY 2012, FY 2013 and FY 2014 to the anticipated vendor. *The Governor recommends funding as requested.*

**Other Operating Expenses.** The Secretary of State requests \$10,441 more than enacted from general revenues for all other operating expenditures. This includes \$4,600 more for office supplies and equipment for the State Library and \$2,467 more for rental costs at the Office's West River Street location. *The Governor recommends \$1,430 less than requested for out-of-state travel to better reflect the actual expenditures of the last two fiscal years.*

## Office of the General Treasurer

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
General Treasurer	\$ 2,655,398	\$ 2,697,467	\$ 2,689,028	\$ 2,873,122
Unclaimed Property	16,973,660	15,940,148	16,270,492	23,741,483
Employees' Retirement System	6,560,251	12,122,801	12,070,544	12,659,885
Crime Victim Compensation	1,842,307	2,440,160	2,148,784	2,158,826
<b>Subtotal</b>	<b>\$ 28,031,616</b>	<b>\$ 33,200,576</b>	<b>\$ 33,178,848</b>	<b>\$ 41,433,316</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,211,134	\$ 8,276,021	\$ 8,078,187	\$ 8,104,502
Contracted Services	2,041,776	2,272,496	2,472,836	3,595,665
<b>Subtotal</b>	<b>\$ 9,252,910</b>	<b>\$ 10,548,517</b>	<b>\$ 10,551,023</b>	<b>\$ 11,700,167</b>
Other State Operations	16,948,194	15,747,132	16,234,122	23,324,210
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,489,320	2,163,000	1,863,000	1,863,000
Capital	341,192	4,741,927	4,530,703	4,545,939
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 28,031,616</b>	<b>\$ 33,200,576</b>	<b>\$ 33,178,848</b>	<b>\$ 41,433,316</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,240,286	\$ 2,300,852	\$ 2,299,463	\$ 2,474,088
Federal Aid	1,140,258	1,128,051	1,147,299	1,152,681
Restricted Receipts	24,442,547	29,544,084	29,484,667	37,553,917
Other	208,525	227,589	247,419	252,630
<b>Total</b>	<b>\$ 28,031,616</b>	<b>\$ 33,200,576</b>	<b>\$ 33,178,848</b>	<b>\$ 41,433,316</b>
<b>FTE Authorization</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>
<b>FTE Average</b>	<b>74.0</b>			

**FY 2012 Revised Request.** The Office of the General Treasurer requests \$21,728 less than enacted from all sources including \$1,389 less from general revenues and the authorized level of 82.0 full-time equivalent positions.

*The Governor recommends \$41.4 million from all sources, which is \$8.2 million more than enacted and \$8.3 million more than requested. General revenues are \$0.2 million more than enacted and requested.*

**Move.** The revised request includes an additional \$0.5 million including \$0.1 million from general revenues for expenses associated with its move from leased space to state-owned space. Of this amount, the Governor reappropriated \$15,235 for renovations to the new facility that were budgeted for FY 2011 but not completed. The Office is relocating its Fountain Street operations to 50 Service Avenue in Warwick.

The lease originally expired on April 30, 2011 but has been extended several times due to continued delays in the move. The FY 2011 final budget included \$0.4 million for build out costs for the offices in Warwick. The FY 2012 enacted budget assumed that the move would occur at the beginning of FY 2012 and included \$0.3 million for remaining build-out costs and moving expenses.

*The Governor recommends \$64,889 more than requested including \$8,470 more from general revenues based on a revised estimate of costs.*

**Unclaimed Property Transfer to General Fund.** The Office requests \$7.0 million for the transfer from unclaimed property to the state, \$0.8 million more than enacted. Transfers of unclaimed property to the state are shown as expenditures in the Office's operating budget. The November Revenue Estimating Conference adopted an estimate of \$7.8 million, which is \$1.6 million more than enacted and \$0.8 million more than the request. The Office revised its estimates after submission of its budget. *The Governor recommends a transfer of \$7.8 million, consistent with the November Revenue Estimating Conference estimate.*

**Unclaimed Property Claims.** The Office requests \$7.8 million for payment of unpaid property claims, which is \$0.2 million less than enacted. The November Revenue Estimating Conference adopted an estimate of \$11.8 million, which is \$3.8 million more than enacted and \$4.0 million more than the request. The Office revised its estimates after submission of its budget. *The Governor recommends claims of \$11.6 million, which is \$0.2 million less than the November estimate and apparently in error.*

**Unclaimed Property Change in Claims Liability.** The Office requests a decrease of \$0.4 million in the amount of revenues set aside for future claims liability. For FY 2012, that amount represents 28.8 percent of net revenues. *The Governor adds \$2.3 million to reflect the November Revenue Estimating Conference estimate.*

**Unclaimed Property Auditors.** The unclaimed property program contracts with audit firms to recover unclaimed property from insurance companies, banks and other businesses. The Office requests the enacted level of \$260,000. Testimony at the November Revenue Estimating Conference was given that audit fees were going to be much larger because of one-time revenue from a multi-state examination of large life insurance companies. The audit firm fees are based on the amount of revenue they are able to recover. *The Governor adds \$0.6 million to reflect the anticipated increase in revenue.*

**Crime Victim Compensation.** The supplemental request reflects \$0.3 million less for crime victim compensation claims based on current trends. The program pays claims from restricted receipts and federal grant awards. Restricted monies come from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice. *The Governor recommends funding as requested.*

**Anchor Computer System.** The revised budget request is \$0.5 million less than enacted from retirement fund administration restricted receipts for a new computer system. The enacted budget includes \$4.5 million for a new system. The Retirement program is planning a major overhaul of its membership benefit database, the Anchor System. The current system is over ten years old and does not adequately address the operational needs of the Retirement Program. It is being considered for upgrade due to major advancements in computer system capabilities over the past several years for public and private retiree programs. *The Governor recommends funding as requested.*

**Retirement System Fiduciary Insurance.** The Office requests \$0.1 million from retirement fund administration restricted receipts for the procurement of fiduciary liability insurance for Retirement

System board members. The Board is currently exploring the option of procuring fiduciary liability insurance. *The Governor recommends funding as requested.*

**Securities and Exchange Commission Investigation.** The Securities and Exchange Commission opened an investigation into Rhode Island's bond offerings in February 2011. The Office incurred \$26,773 in legal fees during FY 2011 that was not included in the final budget. The Office has indicated that the state has retained outside counsel for advice on this matter. The Office's revised request inadvertently excludes the reappropriated funds. The Governor reappropriated \$26,773 for legal expenses related to the Securities and Exchange Commission review of the state's disclosure of pension obligations in the general obligation bond disclosure.

*The Governor recommends a total of \$164,773, which includes the reappropriated funds. The Governor's budget allocates the cost between the Office of the General Treasurer and the Governor's Office, which will use the contingency fund for its share.*

**Retirement Legal Expenses.** The enacted budget includes \$0.4 million for legal expenses for the Retirement System's administrative unit. *The Governor adds an additional \$0.2 million based on the current legal challenge to the changes made by the 2009 Assembly.*

**Pension Reform Expenses.** The General Assembly adopted significant pension changes during the fall of 2011. A major component of the new pension system is a defined contribution plan for all non-public safety state employees, teachers and municipal general employees.

*The Governor recommends \$0.4 million from restricted receipts to pay for the Treasurer's expenses associated with administering the new defined contribution plan, including staff reassigned from other Retirement System duties. The Governor anticipates that the outside vendor chosen to administer the plan will incorporate the state's administrative costs into its fee structure in order to pay for the state's costs. The State Investment Council is expected to choose a vendor by March 1, 2012.*

**Salaries and Benefits.** The Office requests \$0.2 million less than enacted for all salaries and benefits including \$88,190 less from general revenues. This reflects additional turnover savings based on current vacant positions that the Office plans on filling by the end of the fiscal year. The FY 2012 enacted budget includes turnover savings of \$158,790. Based on a cost per position of \$98,388, this represents 1.6 positions. The current request reflects an additional 2.0 vacant positions. There are currently nine vacancies, of which five are in the retirement administrative division and one is in the retirement investment division.

*The Governor recommends \$87,811 less than requested including \$4,608 less from general revenues. Of this amount, \$32,181 is for medical benefits savings that were centrally budgeted in the Department of Administration's budget. This also includes shifting \$0.1 million in personnel costs to the new defined contribution plan described above.*

**Other Operating Adjustments.** The Office requests \$0.1 million more than enacted, including \$6,394 less from general revenues for all other expenses including legal and other contracted services. This includes funding to replace the aging photocopiers, scanners and fax machines for the business processing division. It also includes additional funding for computer software and staff training for retirement system staff. *The Governor recommends \$5,990 more from general revenues than requested for miscellaneous operating expenses.*



## Rhode Island Board of Elections

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,162,420	\$ 1,194,847	\$ 1,165,720	\$ 1,163,895
Contracted Professional Services	366,576	439,476	411,590	359,590
<b>Subtotal</b>	<b>\$ 1,528,996</b>	<b>\$ 1,634,323</b>	<b>\$ 1,577,310</b>	<b>\$ 1,523,485</b>
Other State Operations	184,298	203,070	250,134	252,134
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,656,210	-	-	4,130
Capital	30,615	38,512	38,512	38,512
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 3,400,119</b>	<b>\$ 1,875,905</b>	<b>\$ 1,865,956</b>	<b>\$ 1,818,261</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,290,425	\$ 1,825,905	\$ 1,815,956	\$ 1,768,261
Federal Aid	109,694	50,000	50,000	50,000
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 3,400,119</b>	<b>\$ 1,875,905</b>	<b>\$ 1,865,956</b>	<b>\$ 1,818,261</b>
<b>FTE Authorization</b>	<b>11.0</b>	<b>12.0</b>	<b>11.0</b>	<b>11.0</b>
<b>FTE Average</b>	<b>11.0</b>			

**FY 2012 Revised Request.** The Rhode Island Board of Elections requests \$9,949 less from general revenues than enacted. The request includes 11.0 full-time equivalent positions, one less than the enacted authorization. *The Governor recommends \$1.8 million from general revenues, \$57,644 less than enacted and \$47,695 less than requested, and \$50,000 from federal funds. He includes 11.0 positions, consistent with the request.*

**Salaries and Benefits.** The request includes \$29,127 less from general revenues than enacted for salaries and benefits for 11.0 full-time equivalent positions. The FY 2012 enacted budget included 12.0 full-time equivalent positions, which was consistent with Board's request, but the Assembly provided \$90,000 less to reflect maintaining one vacant position. The chief auditor position has been vacant since FY 2009 and the Board is proposing to eliminate this position in its FY 2012 revised request. *The Governor recommends \$1,825 less than requested to reflect savings from the medical benefits holiday and other benefit adjustments.*

**Election Expenses.** The Board of Elections and Secretary of State request \$1.6 million from all sources for expenses directly related to elections, excluding salaries and benefits, which is \$164,460 more than enacted. This includes \$109,022 more from general revenues and \$55,438 more from federal funds. Fiscal year 2012 is an off-year in the two-year election cycle. However, a Presidential Preference Primary will be held in April 2012. *The Governor recommends \$1.5 million from all sources, including \$50,000 less than requested from general revenues to reflect the use of \$50,000 in federal Help America Vote Act funds in the enacted budget available to be used toward the annual*

*vendor payment for service and maintenance of all election machines. He recommends funding as requested from federal sources.*

The Board of Elections requests funding as enacted and the Secretary of State requests \$55,438 more in FY 2012 revised expenditures for costs associated with the Help America Vote Act. The enacted budget includes \$50,000 in federal Help America Vote Act funds for the Board of Elections and no funds for the Secretary of State. The Board is requesting that the \$50,000 in Help America Vote Act funds and also \$271,969 in general revenues be used toward its vendor payment to Election Systems and Software for service and maintenance of all election machines, a reporting system and a project manager. The annual vendor payment is \$271,969, and it appears the Board is overstating its general revenue request by \$50,000. The Secretary of State is requesting \$55,438 in Help America Vote Act funds which were not spent in FY 2011. The Office was not able to make the first lease payment on the new Central Voter Registration System in FY 2011 due to various delays. The Secretary of State is requesting to spend \$47,819 for the first lease payment and miscellaneous items related to installation of the new system, and the other \$7,619 is for a mock election program to simulate federal elections involving high school students to promote voter participation and education. *The Governor recommends federal funding as requested.*

The Board of Elections requests \$24,719 more from general revenues, excluding salaries and benefits. The Board is requesting \$40,000 for delivery of voting equipment and supplies for which there was no separate funding in the FY 2012 enacted budget because it had been included as a part of the previous Election Systems and Software vendor contract. The Board is assuming this role in an attempt to reduce delivery costs. *The Governor recommends \$50,000 less than requested from general revenues to reflect the use of \$50,000 from Help America Vote Act funds in the enacted budget toward this payment.*

The Secretary of State requests \$139,741 more from all funds for regular elections expenses, excluding salaries and benefits, which is \$84,303 more from general revenues and \$55,438 more from federal funds. This includes \$150,000 more from general revenues for the new Voter Identification Law, which would be used toward purchasing additional equipment to produce voter identification cards, training existing staff to use the equipment and advertising to notify the public of the new law. Also, Office of the Secretary of State proposes transferring \$65,787 of general revenues from its Elections and Civics Division to its Administration Program for the replacement of servers for everyday operations. *The Governor recommends \$500 less than requested from general revenues for maintenance and repairs of office equipment.*

**Other Operating Expenses.** The Board of Elections requests \$5,541 less from general revenues than enacted for all other operations. This includes \$5,000 less for office supplies and equipment for a total of \$3,000, which exceeds the \$1,304 spent in FY 2010, the last off-year in the two-year election cycle; however, there was no presidential primary in FY 2010. *The Governor recommends \$4,130 more than requested for a settlement concerning a former employee. The Board did not become aware of this expense until after submitting its budget request.*

## Rhode Island Ethics Commission

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,241,374	\$ 1,354,646	\$ 1,311,207	\$ 1,308,573
Contracted Services	18,224	34,500	34,500	34,500
<b>Subtotal</b>	<b>\$ 1,259,598</b>	<b>\$ 1,389,146</b>	<b>\$ 1,345,707</b>	<b>\$ 1,343,073</b>
Other State Operations	152,713	163,744	172,755	172,755
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,493	7,118	7,118	7,118
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,419,804</b>	<b>\$ 1,560,008</b>	<b>\$ 1,525,580</b>	<b>\$ 1,522,946</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,419,804	\$ 1,560,008	\$ 1,525,580	\$ 1,522,946
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,419,804</b>	<b>\$ 1,560,008</b>	<b>\$ 1,525,580</b>	<b>\$ 1,522,946</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>11.8</b>			

**FY 2012 Revised Request.** The Commission requests \$1.5 million from general revenues for FY 2012, which is \$34,428 less than enacted. The Commission requests 12.0 full-time equivalent positions, the authorized level. *The Governor recommends \$1.5 million which is \$2,634 less than requested and the authorized level of full-time equivalent positions.*

**Staffing.** The Commission requests \$43,439 less than enacted for salary and benefit expenses. This reflects turnover savings from restructuring employee salaries and responsibilities, a brief vacancy, and current benefit selections. The Commission's request does not include the statewide distribution of the medical benefit holiday savings included in the Department of Administration's enacted budget. *The Governor recommends \$46,073 less than enacted or \$2,634 less than requested to reflect the medical benefit holiday savings.*

**All Other Operations.** The request includes \$9,011 more than enacted for all other state operations including records retrieval, postage for the mailing of financial disclosure statements, telephone expenses and for a postage machine inadvertently excluded from the enacted budget. It should be noted that the Commission consistently overestimates its operating expenditures in the budget request, particularly for records storage, printing and legal expenses. The Commission spent \$176,677 in FY 2009, \$180,472 in FY 2010 and \$177,808 in FY 2011 for the items included here. *The Governor recommends funding as requested.*



## Office of the Governor

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ -	\$ -	\$ -	\$ 4,397,882
Office of Economic Recovery & Reinvestment	-	-	-	714,266
Rhode Island Health Benefits Exchange	-	-	-	109,768
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,221,916</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,344,458	\$ 4,574,107	\$ 4,356,044	\$ 4,506,290
Contracted Services	48,747	51,250	20,000	20,000
<b>Subtotal</b>	<b>\$ 4,393,205</b>	<b>\$ 4,625,357</b>	<b>\$ 4,376,044</b>	<b>\$ 4,526,290</b>
Other State Operations	275,803	295,522	272,061	289,001
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,370	250,000	250,000	250,000
Capital	31,489	11,000	23,256	22,856
Capital Debt Service	-	-	-	-
Operating Transfers	-	74,216	133,769	133,769
<b>Total</b>	<b>\$ 4,701,867</b>	<b>\$ 5,256,095</b>	<b>\$ 5,055,130</b>	<b>\$ 5,221,916</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,102,488	\$ 4,338,521	\$ 4,337,864	\$ 4,397,882
Federal Aid	40,411	139,898	-	109,768
Restricted Receipts	558,968	777,676	717,266	714,266
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,701,867</b>	<b>\$ 5,256,095</b>	<b>\$ 5,055,130</b>	<b>\$ 5,221,916</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
<b>FTE Average</b>	<b>35.0</b>			

**FY 2012 Revised Request.** The Office requests FY 2012 revised expenditures of \$5.1 million from all funds and 45.0 full-time positions. This is \$0.2 million less than enacted and staffing consistent with the authorized level.

*The Governor recommends \$34,179 less than enacted from all funds, including \$59,361 more from general revenues and staffing consistent with the authorized level. The recommendation is \$0.2 million more than requested to primarily reflect expenditures for the Rhode Island Health Benefits Exchange.*

**Office of Economic Recovery and Reinvestment.** The revised request includes expenditures of \$0.7 million or \$60,410 less than enacted from restricted receipts to support the Office of Economic Recovery and Reinvestment within the Office of the Governor. The receipts are derived from a 0.5 percent assessment on stimulus funds and are used to cover expenses incurred in the oversight of those projects. The request includes an additional \$59,553 in transfer to the Economic Development Corporation to fund a position that provided services to the Office in FY 2011; however, the transfer to

the Corporation did not occur in time. The request includes savings of \$91,713 from salaries to reflect removal of funds budgeted for four interns that are no longer needed. The request assumes staffing of 7.0 positions, 1.0 position more than enacted for a program analyst. The request also includes a reduction of \$31,250 for contractual services with KPMG to develop processes and procedures for monitoring and managing the federal stimulus.

*The Governor concurs, with the exception of providing \$3,000 for office equipment based on anticipated completion of the program.*

**Rhode Island Health Benefits Exchange.** Funding the Rhode Island Health Benefits Exchange was not included in the Office's revised request. In September 2011, the Governor issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The creation of the Health Benefits Exchange avoided federal intervention had the state not done so by January 1, 2013. The Exchange will report to the Board of Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor.

*The Governor recommends \$109,768 from federal funds; \$90,458 will be used to fund the director's position, which is expected to be filled in the third quarter of FY 2012.*

**Other Staffing.** The Office requests revised expenditures of \$3.8 million to support staffing of 38.0 full-time positions. This is \$0.1 million less than enacted from all funds, including \$13,548 more general revenues, offset by a reduction of \$139,898 from federal stimulus funds from the Office of Energy Resources. The request reflects a shift of one position from the Governor's Office to the Office of Economic Recovery and Reinvestment. The request includes savings from benefits primarily medical to reflect staff selection and salary costs reflect an increase of \$49,918 based on filled positions. The request assumes \$0.3 million or \$0.1 million more in turnover savings.

*The Governor recommends \$3.9 million, which is \$60,798 more than requested to revise the requested turnover savings based on filled positions on January 1, 2012. The recommendation also includes the distribution of savings from the medical benefit holiday.*

**All Other.** The Office requests \$0.5 million from general revenues for all other expenses, \$14,205 less than enacted to reflect anticipated expenditures. The request includes the enacted amount of \$250,000 for the contingency fund. Reported expenditures from the contingency fund were \$45,436 in FY 2011. Information obtained from the state's accounting system indicates that as of December 16, 2011, expenses were \$23,201, resulting in a surplus balance of \$226,799.

*The Governor further reduces the request by \$780 to include an adjustment for State Fleet Overhead cost and savings from dues and fees. Funds from the contingency fund will be used for legal fees pertaining to the Securities and Exchange Commission's investigation of Rhode Island's bond offerings.*

## Rhode Island Commission for Human Rights

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,101,804	\$ 1,215,932	\$ 1,185,484	\$ 1,179,266
Contracted Services	6,330	6,950	5,625	5,625
<b>Subtotal</b>	<b>\$ 1,108,134</b>	<b>\$ 1,222,882</b>	<b>\$ 1,191,109</b>	<b>\$ 1,184,891</b>
Other State Operations	247,608	232,688	239,998	241,304
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,355,742</b>	<b>\$ 1,455,570</b>	<b>\$ 1,431,107</b>	<b>\$ 1,426,195</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,214,436	\$ 1,154,038	\$ 1,154,038	\$ 1,149,126
Federal Aid	141,306	301,532	277,069	277,069
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,355,742</b>	<b>\$ 1,455,570</b>	<b>\$ 1,431,107</b>	<b>\$ 1,426,195</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>
<b>FTE Average</b>	<b>11.8</b>			

**FY 2012 Revised Request.** The Commission requests \$24,463 less than enacted from federal funds and the enacted level of authorized positions. *The Governor recommends \$4,912 less than requested from general revenues.*

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2012 would be \$301,532. The Commission's revised budget includes expenses totaling \$277,069 leaving a surplus of \$24,463 for FY 2012. *The Governor recommends funding as requested.*

**Turnover.** The Commission requests \$30,448 less than enacted for salaries and benefits, including \$1,875 more from general revenues and \$32,323 less from federal funds. This includes turnover savings for a vacant investigator position for one quarter of FY 2012, which is partially offset by added general revenue costs to reflect shifting expenses from available federal funds to general revenues and an incorrect request of \$604 for a longevity increase. *The Governor recommends \$6,218 less than requested, including \$4,912 less general revenues to reflect the distribution of the medical benefit holiday savings. He does not adjust for the incorrect longevity increase.*

**Other Operations.** The Commission requests \$5,985 more than enacted from all funds, including \$1,875 less from general revenues and \$7,860 more from federal funds for all other operations. The general revenue reduction reflects anticipated expenses for contracted court reporter services based on FY 2011 experience. For FY 2011, the Commission spent \$706 for interpreter services, but chose not request funding for this expense for FY 2012 in order to show desired general revenue savings. The

Commission requests \$9,800 or \$7,190 more than enacted for postal and delivery services; FY 2011 expenses were \$9,425. *The Governor recommends \$1,306 more than requested to reflect additional federal funds available from statewide personnel savings.*

## Public Utilities Commission

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,884,408	\$ 5,430,597	\$ 5,413,955	\$ 5,394,393
Contracted Services	559,111	1,717,693	1,717,243	1,717,243
<b>Subtotal</b>	<b>\$ 5,443,519</b>	<b>\$ 7,148,290</b>	<b>\$ 7,131,198</b>	<b>\$ 7,111,636</b>
Other State Operations	586,288	923,379	952,585	972,147
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	224	337	337	337
Capital	58,876	33,000	33,000	33,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,088,907</b>	<b>\$ 8,105,006</b>	<b>\$ 8,117,120</b>	<b>\$ 8,117,120</b>
<b>Sources of Funds</b>				
General Revenue	-	-	-	-
Federal Aid	266,641	309,373	321,487	321,487
Restricted Receipts	5,822,266	7,795,633	7,795,633	7,795,633
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,088,907</b>	<b>\$ 8,105,006</b>	<b>\$ 8,117,120</b>	<b>\$ 8,117,120</b>
<b>FTE Authorization</b>	<b>46.0</b>	<b>46.0</b>	<b>46.0</b>	<b>46.0</b>
<b>FTE Average</b>	<b>44.7</b>			

**FY 2012 Revised Request.** The Public Utilities Commission requests \$12,114 more than enacted from federal funds and the enacted level of full-time equivalent positions. *The Governor recommends funding and staffing as requested.*

**Salaries and Benefits.** The Commission requests \$16,642 less than enacted for salaries and benefits, including \$16,647 less from restricted receipts and \$5 more from federal funds. This primarily reflects the elimination of longevity benefits for non-union employees, but excludes savings centrally budgeted within the Department of Administration for the employee medical benefit holiday. *The Governor recommends \$36,204 less than enacted, or \$19,562 less than requested to reflect the distribution of the medical benefit holiday savings.*

**Other Operations.** The Commission requests \$28,756 more than enacted from all sources for other adjustments. This includes \$16,647 more from restricted receipts and \$12,109 more from federal funds and reflects an anticipated increase in facility maintenance for the heating system. This expense is being requested in the Commissions' FY 2013 capital budget request, but it appears that it was understated. The request also reflects an increase in office publication expenses based on FY 2011 experience. *The Governor recommends \$48,318 more than enacted, or \$19,562 more than requested to reflect shifting the medical benefit savings to unidentified operating expenses.*



## Office of Health and Human Services

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,172,516	\$ 16,758,741	\$ 17,775,136	\$ 17,716,644
Contracted Services	1,060,174	150,000	1,327,822	1,476,322
<b>Subtotal</b>	<b>\$ 6,232,690</b>	<b>\$ 16,908,741</b>	<b>\$ 19,102,958</b>	<b>\$ 19,192,966</b>
Other State Operations	34,313	19,939	254,125	67,505
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,046	-	26,850	26,850
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 6,284,049</b>	<b>\$ 16,928,680</b>	<b>\$ 19,383,933</b>	<b>\$ 19,287,321</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,314,256	\$ 9,773,834	\$ 10,524,452	\$ 10,347,375
Federal Aid	2,367,876	6,250,134	7,962,041	8,042,506
Restricted Receipts	601,917	904,712	897,440	897,440
Other	-	-	-	-
<b>Total</b>	<b>\$ 6,284,049</b>	<b>\$ 16,928,680</b>	<b>\$ 19,383,933</b>	<b>\$ 19,287,321</b>
<b>FTE Authorization</b>	<b>77.6</b>	<b>149.0</b>	<b>158.0</b>	<b>158.0</b>
<b>FTE Average</b>	<b>42.3</b>			

**FY 2012 Revised Request.** The Office requests \$2.5 million more from all sources, including \$0.8 million more from general revenues and \$1.7 million more from federal funds. The Office adds nine positions including four transferred from the Department of Health and one from the Department of Human Services and four new positions. *The Governor reduces the request by \$0.1 million, including \$0.2 million from general revenues offset by new federal funds. He includes the added positions.*

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2011 guidelines are shown in the following table.

<b>Percent of Federal Poverty Level based on Annual Income</b>									
<b>Family Size</b>	100%	125%	150%	175%	180%	185%	200%	225%	250%
1	\$ 10,890	\$13,613	\$16,335	\$19,058	\$19,602	\$20,147	\$21,780	\$ 24,503	\$27,225
2	14,710	18,388	22,065	25,743	26,478	27,214	29,420	33,098	36,775
3	18,530	23,163	27,795	32,428	33,354	34,281	37,060	41,693	46,325
4	22,350	27,938	33,525	39,113	40,230	41,348	44,700	50,288	55,875
5	26,170	32,713	39,255	45,798	47,106	48,415	52,340	58,883	65,425
6	29,990	37,488	44,985	52,483	53,982	55,482	59,980	67,478	74,975
7	33,810	42,263	50,715	59,168	60,858	62,549	67,620	76,073	84,525
8	37,630	47,038	56,445	65,853	67,734	69,616	75,260	84,668	94,075

*For families with more than 8 members, add \$3,840 for each additional member for the 100 percent calculation.*

**Medicaid Expenses - National/State Comparison.** The following table compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (children enrolled in the state's RIt Care population) is lower than the national average while enrollment of adults (parents enrolled in the RIt Care program) 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 in FY 2012.

For blind/disabled individuals, including children and adults, 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 Department of Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of Children, Youth and Families.

Enrollment for the aged population is slightly lower than the national average but higher than the national average percent of total expense and cost per enrollee. Expenses supporting this population are in the Department of Human Services in FY 2012.

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	100.0%	100.0%	\$294,400	\$1,684.3	100%	100%	\$ 6,120	\$ 9,341
Total										

\* in millions

**Staffing.** The Office adds nine positions to its current authorized level for total staffing of 158.0 positions in the executive office. This includes transferring four positions from the Department of Health, one from the Department of Human Services and adding four new positions for the federal money follows the person grant, discussed separately. The Office requests \$0.8 million from all sources for the five existing positions transferred from the health and human service agencies. *The Governor recommends funding as requested.*

**Money Follows the Person Grant Administrative Costs.** The Office requests new federal funding totaling \$0.6 million to support the administrative activities of the money follows the person grant initiative. This includes \$0.1 million for two new nurses, a new housing specialist and new clerical staff in the final quarter of FY 2012 and \$0.4 million for technical, management and operating support for the rebalancing grant. *The Governor recommends \$460 less than requested to adjust for the medical benefit holiday. It should be noted that the grant award has not changed just the use of the funding.*

**Other Salaries and Benefits.** The Office requests \$0.1 million more than enacted from all sources, including \$0.2 million less from general revenues for all other salary and benefit adjustments. This does not include the statewide distribution of the medical benefit holiday savings included in the Department of Administration's enacted budget. *The Governor's recommendation reduces requested expenses by \$58,032 for the medical benefits holiday, including \$32,544 from general revenues.*

**Race to the Top Funding.** In December 2011, the state received \$50.0 million in federal Race to the Top – Early Learning Challenge funds to be used, in coordination the Department of Elementary and Secondary Education and several health and human service agencies, to improve education for pre-school students. *The Governor includes \$104,000 from federal funds in the office's budget to provide*

*technical support related to the new grant.*

**Health Care Planning and Accountability Advisory Council.** The Office includes the enacted level of \$150,000 for support to the health care planning and accountability advisory council. The support activities include research and reporting related to the council's objective to develop ongoing assessments of state's health care needs and health care system. *The Governor includes the funding.*

**Medicaid Health Information Exchange Grant.** The Office requests \$0.8 million more from federal funds carried forward from FY 2011 for the Medicaid Health Information Exchange grant to support a statewide health information exchange network. The project is in coordination with the Department of Human Services and provides funding to Electronic Data Systems to install web based technology in the state's nursing facilities. *The Governor recommends funding as requested.*

**Office Relocation.** The Office requests \$187,033 in additional general revenues for the Office's relocation to and rental space at the Foundry Building in Providence. *The Governor does not recommend this request.*

**All Other Expenses.** The Office requests \$41,695 more from all sources including \$40,792 more from general revenues for all other expenses in the revised request. This includes \$15,000 more for conference and travel costs to meet with the Centers for Medicare and Medicaid Services on changes under federal health care reform partially when teleconferencing is not available. It also adds \$15,466 for cell phones and \$15,427 for office equipment and supplies for Medicaid administrative staff transferred from the Department of Human Services in the FY 2012 enacted budget.

*The Governor adds \$44,913 from all sources including \$42,500 from general revenues for contracted legal services transferred from the Department of Human Services.*



## Department of Children, Youth and Families

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 6,160,725	\$ 6,695,122	\$ 6,922,950	\$ 7,198,620
Child Welfare	171,574,406	148,560,953	157,240,719	156,932,464
Juvenile Corrections	33,967,492	32,802,323	33,149,291	32,567,173
Children's Behavioral Health	23,980,282	22,745,874	21,445,126	21,133,184
Higher Education Opportunity Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 235,882,905</b>	<b>\$ 211,004,272</b>	<b>\$ 218,958,086</b>	<b>\$ 218,031,441</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 66,650,513	\$ 65,909,163	\$ 69,815,562	\$ 69,052,411
Contracted Services	3,602,876	3,831,734	5,233,102	5,211,595
<b>Subtotal</b>	<b>\$ 70,253,389</b>	<b>\$ 69,740,897</b>	<b>\$ 75,048,664</b>	<b>\$ 74,264,006</b>
Other State Operations	7,766,506	8,540,692	7,552,109	7,869,609
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	157,810,344	129,804,163	132,751,915	132,751,924
Capital	45,535	2,918,520	3,605,389	3,145,902
Capital Debt Service	-	-	-	-
Operating Transfers	7,131	-	9	-
<b>Total</b>	<b>\$ 235,882,905</b>	<b>\$ 211,004,272</b>	<b>\$ 218,958,086</b>	<b>\$ 218,031,441</b>
<b>Sources of Funds</b>				
General Revenue	\$ 156,123,293	\$ 145,198,983	\$ 153,083,697	\$ 152,293,846
Federal Aid	76,711,604	59,625,993	60,014,813	60,052,313
Restricted Receipts	2,426,338	3,389,296	2,540,189	2,825,382
Other	621,670	2,790,000	3,319,387	2,859,900
<b>Total</b>	<b>\$ 235,882,905</b>	<b>\$ 211,004,272</b>	<b>\$ 218,958,086</b>	<b>\$ 218,031,441</b>
<b>FTE Authorization</b>	<b>658.5</b>	<b>662.5</b>	<b>662.5</b>	<b>662.5</b>
<b>FTE Average</b>	<b>627.5</b>			

**FY 2012 Revised Request.** The Department of Children, Youth and Families requests \$8.0 million more than enacted from all sources including \$7.9 million more from general revenues, \$0.4 million more from federal funds, \$0.5 million more from other funds, \$0.8 million less from restricted receipts and the authorized level of 662.5 positions. *The Governor recommends \$7.0 million more than enacted from all sources including \$7.1 million more general revenues, \$0.4 million more from federal funds, \$69,900 more from other funds and \$0.6 million less from restricted receipts. He includes the enacted level of staffing.*

**System of Care.** The FY 2012 enacted budget includes savings of \$10.7 million from all sources including \$5.1 million from general revenues from implementing the final phase of the system of care transition. This would reduce lengths of stay, increase the effectiveness of treatment interventions and ensure more effective transitions to community-based services. As of December 2011, the Department has awarded the contract for the system of care to Child and Family Services of Newport County and Family Services of Rhode Island but is delaying its implementation until July 2012, however continues

to assume the savings. The Department plans to achieve these savings through a 6.0 percent rate reduction and reduced residential placements. *The Governor recommends funding as requested.*

**Federal Reimbursement Shortfall.** The Department's request adds \$3.5 million from general revenues to backfill the loss of federal Medicaid and Title IV-E funds that the Department cannot claim for anticipated expenses in its child welfare program. The Department indicates that the shortfall is the result of a lower Medicaid reimbursement to the Department because it now places children in less-restrictive and independent living programs which are not eligible for Medicaid reimbursement. The Department's FY 2013 request also makes a similar correction. While the Department has significantly reduced the number of children in out of home placements, the less restrictive services are not eligible for Title IV-E funds. The Department assumed 28.0 percent of its caseload would qualify under Title IV-E with the state funding the remaining; however, these placements only accounted for 22.0 percent of the caseload causing a shortfall. *The Governor recommends funding as requested.*

**Statewide Savings.** The enacted budget includes a three percent statewide reduction, two percent to personnel and one percent to operating costs, in the budgets of cabinet level agencies, elected officials, the Judiciary and Legislature. For the Department of Children, Youth and Families the statewide savings are \$1,657,376 from general revenues, including savings \$1,582,475 in personnel costs. The Department's revised request does not include the savings and it adds back general revenues. *The Governor recommends funding as requested.*

## Staffing

**Salaries and Benefits - Child Welfare.** The Department requests \$1.7 million more than enacted from all sources for salaries and benefits for the child welfare program for 379.5 positions. The request adds \$2.7 million from federal Medicaid, Title IV-E and temporary assistance to block grant funds offset by \$0.9 million less from general revenues. The additional federal funds support ten new social workers and one supervisor hired in FY 2012.

The Department has an agreement with the Department of Human Services that it will receive up to \$8.0 million in federal temporary assistance to needy families funding annually to be used for its emergency assistance program which is used to provide a state match for in its budget and the funds are available to make this adjustment. *The Governor recommends \$142,506 less than requested to reflect savings from the medical benefit holiday.*

**Salaries and Benefits – Behavioral Health.** The Department requests \$364,031 more than enacted from all sources for salaries and benefits for the behavioral health program including \$365,922 more from general revenues and \$1,891 less from federal funds. The Department request restores turnover savings in the enacted budget and funds 17.0 positions, including one position shifted from central management. *The Governor recommends \$7,693 less than requested to reflect savings from the medical benefit holiday.*

**Salaries and Benefits – Central Management.** The Department requests \$263,256 more than enacted from all sources for salaries and benefits for 38.0 positions in the central management program, including \$165,312 more from general revenues and \$97,944 less from federal funds. The request restores \$0.4 million in turnover in the enacted budget and shifts one position to behavioral health. *The Governor recommends \$15,011 less than requested to reflect savings from the medical benefit holiday.*

## Placements

Within the child welfare and behavioral health programs, the Department provides community based services and residential services to dependent, neglected or abused children, or children at risk of abuse and neglect, as well as therapeutic services to seriously emotionally disturbed children. These services include day care, foster care, adoption, emergency shelters, group homes, residential treatment centers, supervised apartment programs, counseling, independent living programs and services to help youth transition from the Department's care.

**Child Welfare Residential Placements.** Excluding the adjustment for the federal funds shortfall, the Department requests \$4.0 million more than enacted for child welfare residential placements including \$4.9 million more from general revenues. The Department continues to experience an increase in services that are funded solely by the state. This reflects both the demographics of the children being placed in care and the expanded use of community-based services that are not eligible for Medicaid or Title IV-E reimbursement. *The Governor recommends funding as requested.*

**Foster Care and Adoption.** The Department requests \$3.7 million more than enacted from all sources, including \$3.1 million more from general revenues for foster care and adoption services. The Department indicates that the cost of the foster care programs that are not reimbursed with federal funds has increased and Title IV-E reimbursable services have been reduced by approximately 5.0 percent. Foster care placements average 1,124 at the end of the first quarter in FY 2012. *The Governor recommends funding as requested.*

**Purchased Placements.** The Department requests \$2.1 million more from all sources, including \$1.0 million less from general revenues for purchased placements. The enacted budget excludes the Medicaid match for the services and the request adds back \$3.0 million from federal funds to correct for this. *The Governor recommends funding as requested.*

**Independent Living Program.** The Department requests \$0.5 million less from federal funds for the independent living program. The Department indicates it is reducing program costs resulting from a lower number of individuals participating in this program. The Department received a \$1.3 million grant from the Chafee Foster Care Independence Program and any unused funds from FY 2012 can be used in FY 2013. This program provides services to youth between the ages of age 16 and 18 that are transitioning from the Department's care. These services include vocational training, work experience, and day-to-day experiences, such as managing financial, medical, housing, transportation, and recreation needs. Since FY 2008, the caseload for the semi-independent living program has been reduced from 63 youths to 52 youths. *The Governor recommends funding as requested.*

**18 to 21 Year Olds.** The Department requests \$1.1 million less than enacted including \$1.3 million less from general revenues and \$0.1 million less from federal funds for services provided to youth between the ages of 18 and 21 years old. The Department's request continues to project a reduced number of youth in the program and includes the ability to leverage additional federal funds for services provided. The Department has continued to reduce services to this population since FY 2008. In FY 2011, the Department provided services to an average of 234 youth per month; 259 were being served at the end of FY 2010, and 276 in FY 2009. The revised request is \$0.4 million less than FY 2011. *The Governor recommends funding as requested.*

**Child Welfare – Parental Contributions.** The Department requests \$0.5 million less from restricted receipts for parental contributions. The Department indicates that it has been unable to collect the estimated contributions from the parents because the family court decided against mandating the

collection of child support for children in care. The Department reports that this is still an option but that it would need judicial or legislative approval to mandate child support collection. *The Governor recommends funding as requested.*

**Other Child Welfare Community Based Services.** The Department requests \$0.8 million less from all sources, including \$0.7 million less from federal funds, \$0.1 million less from restricted receipts, and \$24,558 less from general revenues for other community based services in the child welfare program. General revenue savings are the result of many of the services being duplicated in the Family Care and Community Partnership program, which is included in the child welfare residential program item. *The Governor recommends funding as requested.*

**Behavioral Health Community Based Services.** The Department requests \$0.7 million more than enacted for other behavioral health community based services. This includes \$0.6 million more from general revenues and \$0.1 million more from federal funds to reflect carry forward balances from FY 2011. These services include grants to improve education, reduce child abuse, and prevent violence in schools. The adjustments to grant awards are based on revised spending projections. These services also include Project Hope and Project Reach. Project Hope is an aftercare program that targets youth with emotional disturbances who are returning to their homes and communities from the Rhode Island Training School. Project Reach provides wraparound services through community mental health centers. These programs are eligible for a Medicaid match through the global waiver. *The Governor recommends funding as requested.*

**Behavioral Health Residential Placements.** The Department requests \$11.1 million, which is \$2.0 million less than enacted for Behavioral Health residential placements based on redesigned services. This includes \$1.4 million less from from general revenues and \$0.6 million less from federal funds. The Department indicates that savings were achieved by reducing the number of children eligible for intensive services. Residential treatment services for seriously behaviorally disturbed youth provide around the clock treatment and care with programs tailored to individual, group and family therapy, behavior modification, special education and recreational therapy. The Department spent \$14.1 million from all sources in FY 2011. *The Governor recommends funding as requested.*

**Family Service Regions/Child Protective Services.** The Department requests \$0.7 million less than enacted from general revenues for the four family service units and for child protective services. The family services units are located in Providence, Bristol and North Kingstown. The Department recently closed an office in Pawtucket and indicates that savings are partially a result of that action. The Department's request includes savings are in large part to reducing counseling services provided by community based agencies. *The Governor recommends funding as requested.*

**Positive Education Partnership.** The Department requests \$0.8 million less than enacted from federal funds for the positive education partnership grant. The Department indicates that the reduction represents funds remaining in a multiyear grant. This grant funds a network of providers that facilitate community-based services and supports that help with the challenges of children and youth with serious mental health needs and their families. *The Governor recommends funding as requested.*

## **Juvenile Corrections**

**Facilities Consolidation – Unachieved Savings.** The enacted budget includes savings of \$0.9 million and 15.0 fewer positions from consolidation of the girls' training school into the boys' facility. The Department did consolidate the girls and boys training schools; however, the employees assigned to the girls' training school were transferred to the boys' facility. The Department adds back the \$0.9 million

to fund 12.0 of those positions in its revised request; the Department eliminated three positions through attrition. *The Governor recommends funding as requested.*

**Other Salaries and Benefits - Juvenile Corrections.** The Department requests \$0.6 million more than enacted from general revenues and \$49,050 from federal funds for salaries and benefits for the juvenile corrections program's remaining 216.0 positions. This reflects partial restoration of assumed turnover savings for this program, including the hiring of two probation officers offset by \$0.5 million less from general revenues for overtime expenditures at the training school. The Department continues to utilize the positions that were not eliminated as floaters which reduces the need for overtime. *The Governor recommends \$0.6 million less than requested to reflect \$0.6 million less for overtime expenses and savings from the medical benefit holiday.*

**Training School Placements.** The Department requests \$1.1 million less than enacted for expenditures for juveniles at the Rhode Island Training School and those that are transferred to the care of community based agencies. This includes \$0.5 million less from general revenues and \$0.6 million less from federal funds for updated program costs. The Department indicates that it continues to reduce expenditures in the juvenile justice program such as medical, counseling, and other residential services. *The Governor recommends funding as requested.*

**Probation and Parole.** The Department requests \$0.2 million less than enacted for youth that are released from the training school and require some period of supervision in a community based program. This includes \$0.1 million less from general revenues and \$0.2 million less from federal funds. In December 2011, there was an average of 855 youth involved with juvenile probation and parole which is 111 less than in December 2010. The Department indicates that the cost of treating juveniles in the community is significantly less than keeping them in a residential placement. These services include day programs, youth diversionary programs, and community-based residential placements. *The Governor recommends funding as requested.*

**Juvenile Corrections – Operating Expenses.** The Department requests \$31,479 less than enacted for operating expenses in the juvenile corrections program which is \$184,254 less from general revenues and \$152,775 more from federal funds. The Department has indicated that the request is based on revised spending projections for various expenses, including maintenance and repairs to the training school and staff training. The Department overspent operating expenses for juvenile corrections by \$0.2 million in FY 2011. *The Governor recommends \$760 more than requested for operating expenses at the training school.*

### **Other Operating**

**Indirect Cost Recovery.** The enacted budget assumes savings of \$301,122 from general revenues from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continues to assume the savings but has not yet applied for the rate. The Department revised request eliminates the restricted receipts and adds \$285,193 in federal funds in an attempt to show the actual expenditures from its federal grants. This is an incorrect adjustment as is the reduction in general revenues. It appears that the Department did not adjust another state account to offset what appears to be a savings essentially lowering the Department overall deficit in the revised budget by \$0.3 million. The Budget Office is aware of this, and indicated the Governor's recommendation would correct it. *The Governor recommends \$15,929 less than enacted which is \$285,193 less than requested; this does not correct the Department's error.*

**Information Technology Costs.** The Department requests \$0.4 million more than enacted including \$0.1 million from general revenues and \$0.3 million from federal funds for contracted information technology services in order to update Medicaid and Title IV-E claiming programs associated with the System of Care. The majority of funding for these upgrades is through Title IV-E. *The Governor recommends \$64,837 less than requested to reflect historical expenditures for information technology and equipment maintenance at the training school.*

**Social Worker Training.** The Department requests \$0.7 million more than enacted including \$0.1 million more from general revenues and \$0.6 million more from federal funds for the Rhode Island Child Welfare Institute and the University of Rhode Island to provide training to department staff that work with Title IV-E eligible children and the majority of funding is through Title IV-E. This was not funded in FY 2011. *The Governor recommends funding as requested.*

**All Other Operating.** Excluding other adjustments, the Department requests \$0.2 million less than enacted, including \$0.1 million less from general revenues and \$0.1 million less from federal funds for all other department operating expenses. The adjustment is the result of revised spending projections based on actual experiences for the past two years for financial services, security services, and rental and lease costs of buildings and vehicles. *The Governor recommends \$147,889 less than enacted in part by reducing clerical and other contracted services.*

**Capital.** The Department requests \$0.5 million more than enacted from Rhode Island Capital Plan funds. The Department indicates that this is an update to the approved Capital Budget plan and includes funding for improvements to the Rhode Island Training School. Specific project information is included in the Capital Budget Section of this report. *The Governor recommends \$0.5 million less than requested from Rhode Island Capital Plan funds; however, he includes \$69,900 more than enacted. His recommendation includes \$79,900 to combine with federal stimulus funds to construct a new vocational building at the training school.*

## Department of Health

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 11,597,858	\$ 15,056,685	\$ 14,449,866	\$ 14,402,283
Comm. & Family Health & Equity	75,147,804	58,188,401	74,299,743	73,788,809
Environmental & Health Services Reg	15,142,998	18,265,695	19,333,836	18,666,416
Health Laboratories	8,064,647	7,800,817	8,278,173	8,315,457
Infectious Disease and Epidemiology	4,151,707	5,120,369	5,134,765	5,148,751
Public Health Information	2,959,455	3,511,731	3,054,286	3,049,256
State Medical Examiner	2,374,602	2,250,120	2,694,500	2,592,640
<b>Total</b>	<b>\$ 119,439,071</b>	<b>\$ 110,193,818</b>	<b>\$ 127,245,169</b>	<b>\$ 125,963,612</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 40,091,783	\$ 41,200,567	\$ 45,257,535	\$ 44,195,215
Contracted Services	12,285,016	14,083,594	15,750,477	15,691,009
<b>Subtotal</b>	<b>\$ 52,376,799</b>	<b>\$ 55,284,161</b>	<b>\$ 61,008,012</b>	<b>\$ 59,886,224</b>
Other State Operations	39,019,890	38,091,531	44,971,925	45,104,752
Aid to Local Units of Government	89,940	-	10,000	-
Assistance, Grants, and Benefits	27,184,043	15,638,002	19,817,547	19,534,951
Capital	768,399	1,180,124	1,437,685	1,437,685
<b>Total</b>	<b>\$ 119,439,071</b>	<b>\$ 110,193,818</b>	<b>\$ 127,245,169</b>	<b>\$ 125,963,612</b>
<b>Sources of Funds</b>				
General Revenue	\$ 27,469,636	\$ 24,248,025	\$ 25,480,215	\$ 24,622,525
Federal Aid	69,303,495	59,124,539	74,207,840	73,580,049
Restricted Receipts	22,658,203	26,757,854	27,385,114	27,589,038
Other	7,737	63,400	172,000	172,000
<b>Total</b>	<b>\$ 119,439,071</b>	<b>\$ 110,193,818</b>	<b>\$ 127,245,169</b>	<b>\$ 125,963,612</b>
<b>FTE Authorization</b>	<b>397.4</b>	<b>426.3</b>	<b>426.3</b>	<b>422.3</b>
<b>FTE Average</b>	<b>365.7</b>			

**FY 2012 Revised Request.** The Department of Health requests revised expenditures of \$127.2 million or \$17.1 million more than the enacted budget. The request includes increases of \$1.2 million from general revenues, \$15.1 million from federal funds, \$0.6 million from restricted receipts and \$0.1 million from other funds. The Department requests the enacted level of 426.3 full-time equivalent positions. *The Governor recommends \$126.0 million, including \$73.6 million from federal funds, \$27.6 million from restricted receipts, \$24.6 million from general revenues and \$0.2 million from other sources. He also includes 422.3 full-time equivalent positions.*

**Staffing.** The Department requests the enacted level of 426.3 full-time equivalent positions. The following table shows the progression of full-time equivalent position totals by program from the

enacted budget to the request. A more detailed analysis of Department staffing costs and changes is included in the individual program sections that follow. It is important to note that the table reflects the staffing patterns assumed at the time of the budget submission; however, it does not accurately reflect current staffing because of the Department's practice of shifting staff frequently depending on the needs of the individual programs.

<b>Programs</b>	<b>FY 2012 Enacted</b>	<b>FY 2012 Rev. Req.</b>	<b>FY 2012 Revised</b>	<b>Change to Enacted</b>
Central Management	51.8	55.6	56.6	4.8
Community Family Health & Equity	117.0	125.9	124.9	7.9
Environmental & Health Service Reg.	132.9	125.2	121.0	(11.9)
Health Laboratories	61.5	56.9	56.9	(4.6)
Infectious Disease and Epidemiology	24.1	27.5	27.5	3.4
Public Health Information	22.6	20.0	20.0	(2.6)
State Medical Examiner	16.4	15.4	15.4	(1.0)
<b>Changes to Enacted</b>	<b>426.3</b>	<b>426.3</b>	<b>422.3</b>	<b>(4.0)</b>

It should be noted that as of the first pay period in January, the Department had 398.6 filled positions or 27.1 less than enacted. Assuming an average cost per position of \$94,834, this amounts to \$1.6 million of salary and benefit turnover savings, primarily from federal sources. *The Governor recommends 422.3 positions, 4.0 less than enacted and requested to reflect the transfer of 1.0 position to the Department of Human Services and 3.0 positions to the Executive Office of Health and Human Services.*

### **Central Management**

**Salaries and Benefits.** The Department requests \$6.3 million from all sources for salaries and benefits for 55.6 full-time equivalent positions in Central Management. The request is \$0.6 million more than enacted from all sources including reductions of \$38,113 from general revenues and \$0.2 million from restricted receipts offset by an increase of \$0.9 million from federal funds. The increase reflects the restoration of turnover savings included in the enacted budget, as well as the transfer of 3.8 positions to Central Management from other programs within the Department. *The Governor recommends \$0.1 million less than requested to reflect turnover not included in the request for 2.0 positions for one-half of FY 2012.*

**Bioterrorism.** The Department requests revised FY 2012 expenditures of \$5.5 million from federal funds for bioterrorism preparedness. This is \$0.2 million more than enacted to reflect new and adjusted grant awards used to augment hospitals and healthcare entities to plan for, respond to and recover from mass casualty events. It also provides for grants to cities and towns for enhanced emergency response preparedness. *The Governor recommends funding essentially as requested, but adds \$10,054 to reflect the funds from medical benefit savings available for operating expenditures.*

**Pandemic Flu.** The Department requests \$1.0 million less than enacted from federal funds for pandemic flu responses, including H1N1 activities. Funding is used to strengthen the ability of the Department of Health and partner organizations to detect, contain and manage public health threats and emergencies. The request reflects revised awards and expenditures for these purposes. *The Governor recommends funding as requested.*

**Indirect Cost Recovery.** The Department's request reduces expenditures from restricted receipts by \$0.5 million to reflect a reduction in the indirect costs recovered from federal grants. Excluding salaries and

benefits, the enacted budget includes \$1.0 million from these funds directly budgeted in Central Management; however, other resources fund the Department of Health's share of centralized functions in the Department of Administration. *The Governor recommends funding essentially as requested, but adds \$10,638 to reflect the funds from medical benefit savings available for operating expenditures.*

**All Other Operations.** The Department requests \$0.7 million, \$36,763 more than enacted for all other operations in Central Management. This includes \$56,462 more from federal funds offset by \$19,699 less from general revenues. The request reflects increased federal funding for staff training as well as a reduction from general revenues for a telecommunications contract. *The Governor recommends funding essentially as requested, but adds \$555 to reflect the funds from medical benefit savings available for operating expenditures.*

### **Community, Family Health, and Equity**

**Salaries and Benefits.** The Department requests \$13.2 million from all sources for salaries and benefits for 125.9 full-time equivalent positions in the Community, Family Health and Equity program. The request is \$2.3 million more than enacted from all sources including increases of \$51,764 from general revenues and \$2.5 million from federal funds, offset by a decrease of \$0.2 million from restricted receipts. The restricted receipts are derived from fees for records, and the request reflects a revised estimate for the collection of these fees. The increase reflects the restoration of turnover savings included in the enacted budget, as well as the transfer of 10.8 positions to the Community, Family Health and Equity program from other programs within the Department.

*The Governor recommends \$2.1 million more than enacted, \$0.2 million less than requested to reflect the restoration of the majority of turnover included in the enacted budget. The recommendation also reflects the transfer of 1.0 chief program evaluator to the Department of Human Services, and the following positions to the Executive Office of Health and Human Services: executive/associate director, chief of strategic planning and interdepartmental project manager.*

**Infant and Early Childhood Home Visits.** The Department requests \$4.5 million, \$4.1 million more than enacted from federal funds for a new initiative that focuses on promoting good health habits for low income pregnant women, mothers, infants and children, and children with special health care needs and families. It also includes provisions for providing health services for maternal and child health populations who do not have access to adequate health care. The increase reflects an award for home visiting not in the enacted budget due to the timing of the award. *The Governor recommends funding essentially as requested, but removes \$54,772 to reflect revised awards and expenditures.*

**HIV Prevention.** The Department requests \$2.9 million more than enacted from federal funds to continue and strengthen effective human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) surveillance programs to effect, maintain, measure and evaluate the extent of HIV/AIDS incidence and prevalence throughout the United States. Funds are used to provide information for targeting and implementing prevention activities. The increase reflects revised awards and expenditures for surveillance in FY 2012. *The Governor recommends \$0.5 million less than requested to reflect revised awards and expenditures for HIV prevention.*

**Immunizations.** The Department requests revised expenditures of \$31.7 million from all sources for immunization expenses, which is \$4.7 million more than enacted. The Department of Health is the purchasing entity; however, serum stock is then disbursed to community health providers to provide vaccines to prevent and control vaccine-preventable diseases in Rhode Island by maximizing the number of residents who are fully immunized. The Department notes the increase reflects the actual receipt of

restricted receipt funding, which is derived from insurance company payments and donated to the Department for the purchase and distribution of vaccines as noted above. *The Governor recommends funding essentially as requested, but adds \$9,850 to reflect the funds from medical benefit savings available for operating expenditures.*

**Obesity Policy.** The Department requests revised expenditures of \$2.5 million from federal funds for obesity and nutrition related activities. This is \$1.2 million more than enacted to reflect adjustments to actual grant awards, as well as the receipt of additional funding through the American Recovery and Reinvestment Act of 2009. Funds support statewide efforts to promote environmental and policy changes, which support physical activity and healthy eating habits to prevent obesity. *The Governor recommends funding essentially as requested, but adds \$3,774 to reflect the funds from medical benefit savings available for operating expenditures.*

**Race to the Top.** In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor recommends expenditures of \$0.2 million, including \$0.1 million for contracted services; he does not include funding or authorization for any full-time equivalent positions in FY 2012.*

**All Other Operations.** The Department requests \$18.5 million, \$0.9 million more from all sources for all other Community, Family Health and Equity program operations. The request includes increases of \$0.8 million from federal funds and \$0.1 million from other funds offset by reductions of \$0.2 million from general revenues and \$0.1 million from restricted receipts. Other funds are generated through a transfer from the Department of Transportation for bike safety initiatives. The change reflects general revenue savings for staff training and administrative costs, with the other increases primarily for research contracts with the University of Rhode Island and revised awards for operating expenditures. *The Governor recommends funding essentially as requested, but adds \$44,609 to reflect adjustments to awards and expenditures for community health grants.*

### **Environmental and Health Services Regulation**

**Salaries and Benefits.** The Department requests revised expenditures of \$13.2 million from all sources for all other salaries and benefits for the 125.2 full-time equivalent positions in the Environmental and Health Services Regulation program. The request includes \$0.2 million less than enacted from all sources including \$0.9 million more from general revenues offset by decreases of \$0.8 million from federal funds and \$0.2 million from restricted receipts. The 2011 Assembly included \$0.3 million from general revenues for 3.0 additional food inspector positions. The new positions are filled and the revised request includes funding for these positions. The remaining general revenue increase of \$0.6 million reflects the restoration of a majority of turnover savings included in the enacted budget. *The Governor recommends \$0.2 million more than enacted, \$0.7 million less than requested to reflect medical benefit savings, restoration of a portion of turnover included in the enacted budget as well as personnel expenditures for actual filled positions after the first two quarters of the fiscal year.*

**Nursing Homes.** The Department requests \$0.7 million from federal funds, \$0.3 million more than enacted to support nursing home operations throughout the state. Funding is used for equipment purchases and medical supplies. The increase reflects actual awards and expenditures for these purposes in FY 2012. *The Governor recommends funding essentially as requested, but adds \$4,436 to reflect the funds from medical benefit savings available for operating expenditures.*

**All Other Operations.** Excluding all other changes, the Department requests \$0.9 million more than enacted for all other operations in the Environmental and Health Services Regulation program. This includes \$0.2 million more from general revenues and \$0.8 million more from federal sources. The general revenue increase reflects additional temporary and clerical staff to assist with administering the regulations for the state's health professionals. Additional federal funds are included to reflect revised awards and expenditures for coastal water and prescription drug monitoring federal grants. *The Governor recommends funding essentially as requested, but adds \$14,405 to reflect the funds from medical benefit savings available for operating expenditures.*

### **Health Laboratory**

**Salaries and Benefits.** The Department's revised request totals \$4.5 million from all sources for salaries and benefits for 56.9 full-time equivalent positions for the Health Laboratory. This is \$0.4 million more than enacted, including \$0.3 million more from general revenues. The increase reflects the restoration of turnover savings included in the enacted budget. *The Governor's recommendation restores the turnover savings and adds \$32,810 more than requested to fully fund benefits that were inadvertently underfunded in the request.*

**Food Emergency Response.** The Department requests \$0.1 million more than enacted from federal funds for equipment, supplies, personnel, training and facility upgrades to Food Emergency Response Laboratory Network (FERN) microbiological laboratories in Rhode Island. The increase reflects actual awards and expenditures for these purposes in FY 2012. *The Governor recommends funding essentially as requested, but adds \$635 to reflect the funds from medical benefit savings available for operating expenditures.*

**All Other Operations.** The Department requests \$2.5 million, \$54,877 less for all other operations in the Health Laboratory program, including \$44,979 less from general revenues. General revenue savings were derived from decreased administrative costs and less for capital equipment purchases related to DNA identification. *The Governor recommends funding essentially as requested, but adds \$3,839 to reflect the funds from medical benefit savings available for operating expenditures.*

### **Infectious Disease and Epidemiology**

**Salaries and Benefits.** The Department requests revised expenditures of \$3.0 million from all sources for salaries and benefits for 27.5 full-time equivalent positions for the Infectious Disease and Epidemiology program. This is \$0.4 million more than enacted, including \$69,953 more from general revenues and \$0.3 million more from federal funds. The increase reflects the restoration of turnover savings included in the enacted budget, as well as the transfer of 3.2 positions to the Infectious Disease and Epidemiology Program from other programs within the Department. *The Governor recommends \$0.1 million less than requested to reflect turnover restoration; however, the recommendation still includes turnover for 2.0 positions for one-half of FY 2012.*

**Influenza Hospitalization Surveillance.** The Department requests \$65,143 from general revenues for an influenza hospital surveillance project funded from a one-time grant the Department received from the Council of State and Territorial Epidemiologists. Funds were deposited as general revenues. The purpose of the grant is to provide active surveillance of individuals with influenza that have been hospitalized in Providence County. *The Governor recommends funding as requested.*

**Communicable Diseases.** The Department requests revised FY 2012 expenditures of \$0.7 million for communicable disease treatment and prevention, which is \$0.5 million less than enacted from general

revenues. The enacted budget includes \$242,042 from general revenues for operations of the Whitmarsh sexually transmitted disease clinic in Providence. The request reflects \$232,042 of savings derived from the closing of the clinic, with \$10,000 programmed to purchase additional medical supplies for the Providence Community Health Center. The remaining reduction was derived by shifting \$0.3 million of funds for the Department's membership in a national sexually transmitted disease tracking program from general revenues to federal funds. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests revised expenditures of \$0.4 million from federal funds, \$0.1 million more than enacted for all other Infectious Disease and Epidemiology operations. This includes adjustments to disease prevention grants to reflect actual awards and expenditures for FY 2012. *The Governor recommends \$0.1 million more than requested to reflect revised awards and expenditures to multiple grants in the Infectious Disease and Epidemiology program.*

### **Public Health Information**

**Salaries and Benefits.** The Department's revised request totals \$1.9 million from all sources for salary and benefit expenses for 20.0 full-time equivalent positions for the Public Health Information program. This is \$85,730 more than enacted, including \$225,103 more from general revenues to reflect the restoration of turnover included in the enacted budget as well as the transfer of 1.7 positions from the Public Health Information program to other programs within the Department. *The Governor recommends funding essentially as requested, but removes \$7,457 to reflect actual benefit costs.*

**Electronic Health Records.** The Department requests \$0.6 million for electronic health record tracking. This is \$0.2 million more than enacted, including \$0.1 million less from general revenues offset by \$0.3 million more from federal funds. Funding is used to update birth and death data, as well as to enhance the interoperability of records among municipal, state and federal agencies. *The Governor recommends funding essentially as requested, but adds \$539 to reflect the funds from medical benefit savings available for operating expenditures.*

**Health Information Technology.** The Department requests \$0.9 million less than enacted from federal funds for the health information technology project, which provides for the development of an infrastructure for Rhode Islanders to have critical health information accessible when and where it is needed, and to improve the quality, safety and value of health care provided. The request reflects anticipated awards and expenditures for this project in FY 2012. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests revised expenditures of \$0.3 million from all sources for all other Public Health Information operations. This is \$0.1 million more than enacted and includes \$69,275 less from general revenues offset by \$0.2 million more from federal funds. General revenue savings reflect reductions for staff training and other general office supplies, and federal fund increases reflect increased expenditures for software maintenance contract expenses. *The Governor recommends funding essentially as requested, but adds \$1,904 to reflect the funds from medical benefit savings available for operating expenditures.*

### **Medical Examiner's Office**

**Salaries and Benefits.** The Department's revised request totals \$2.0 million from all sources for salary and benefit expenses for 15.4 full-time equivalent positions in the Medical Examiner's Office. This is \$0.4 million more than enacted from general revenues, and reflects the filling of the Chief Medical

Examiner and Assistant Medical Examiner positions. The assistant medical examiner position was also filled in the first quarter of FY 2012; however, an additional assistant medical examiner position was vacated as of the first of the year. *The Governor recommends \$32,435 less than requested to reflect actual personnel expenditures based on filled positions.*

**Contract Medical Examiners.** The Department requests revised FY 2012 expenditures of \$0.4 million from all sources for contract medical examiner expenses. This includes \$0.1 million more than enacted from general revenues. The Department was able to fill two vacant positions; chief medical examiner and assistant medical examiner at the beginning of FY 2012. The new positions should have resulted in reduced costs for contracted medical services; however, neither position was filled by the first of the year, and additional contracted service costs were incurred. Subsequent to filling the vacant positions, another assistant medical examiner position became vacant resulting in the need for additional funding for contract medical examiners. *The Governor recommends \$69,680 less than requested to reflect historical spending patterns and availability of current staffing for examinations.*

**All Other Operations.** The Department requests revised expenditures of \$0.6 million from all sources or \$0.1 million less than enacted from all funds for all other Medical Examiner Office operations. The request reflects reductions for electricity, office equipment and other general operating expenses. *The Governor recommends funding essentially as requested, but adds \$239 to reflect the funds from medical benefit savings available for operating expenditures.*



## Department of Human Services

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 12,992,098	\$ 11,547,906	\$ 11,551,111	\$ 11,503,966
Child Support Enforcement	9,069,518	8,355,622	8,368,632	8,228,175
Individual and Family Support	98,240,303	127,885,859	127,771,458	128,096,078
Veterans' Affairs	27,038,840	28,216,627	29,133,824	30,043,996
Health Care Quality, Financing and Purchasing	64,118,789	59,373,254	63,006,548	80,721,646
Medical Benefits	1,597,111,180	1,662,194,277	1,662,194,277	1,641,112,103
Supplemental Security Income	20,936,170	18,000,600	18,000,600	18,777,600
Family Independence Program	87,700,429	86,140,550	84,988,778	87,894,897
State Funded Programs	267,240,200	301,710,437	301,710,437	301,746,022
Elderly Affairs	-	27,826,593	29,746,937	29,719,055
<b>Total</b>	<b>\$ 2,184,447,527</b>	<b>\$ 2,331,251,725</b>	<b>\$ 2,336,472,602</b>	<b>\$ 2,337,843,538</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 84,839,701	\$ 86,210,973	\$ 85,002,775	\$ 84,238,707
Contracted Services	47,070,689	52,194,114	54,326,979	54,558,907
<b>Subtotal</b>	<b>\$ 131,910,390</b>	<b>\$ 138,405,087</b>	<b>\$ 139,329,754</b>	<b>\$ 138,797,614</b>
Other State Operations	16,662,472	21,742,409	23,440,150	23,863,009
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,029,699,248	2,162,421,043	2,163,938,715	2,164,136,534
Capital	542,707	2,856,170	3,336,967	4,647,460
Capital Debt Service	-	-	-	-
Operating Transfers	5,632,710	5,827,016	6,427,016	6,398,921
<b>Total</b>	<b>\$ 2,184,447,527</b>	<b>\$ 2,331,251,725</b>	<b>\$ 2,336,472,602</b>	<b>\$ 2,337,843,538</b>
<b>Sources of Funds</b>				
General Revenue	\$ 731,206,761	\$ 893,131,302	\$ 895,780,257	\$ 892,604,690
Federal Aid	1,437,798,958	1,419,613,547	1,421,744,405	1,423,745,953
Restricted Receipts	10,490,912	14,089,597	14,530,661	17,103,711
Other	4,950,896	4,417,279	4,417,279	4,389,184
<b>Total</b>	<b>\$ 2,184,447,527</b>	<b>\$ 2,331,251,725</b>	<b>\$ 2,336,472,602</b>	<b>\$ 2,337,843,538</b>
<b>FTE Authorization</b>	<b>1,000.2</b>	<b>984.2</b>	<b>957.2</b>	<b>949.2</b>
<b>FTE Average</b>	<b>895.1</b>			

**FY 2012 Revised Request.** The Department of Human Services requests FY 2012 revised expenditures totaling \$2,336.5 million or \$5.2 million more than enacted, including \$2.6 million more from general revenues, \$2.1 million more from federal funds, and \$0.4 million more from restricted receipts. The Department also requests 957.2 full-time equivalent positions, 27.0 fewer than enacted.

*The Governor recommends expenditures of \$2,337.8 million, including \$892.6 million from general revenues. This is \$1.4 million more than requested, including increases of \$2.0 million from federal funds,*

*\$2.6 million from restricted receipts and \$3.2 million less from general revenues. He recommends 949.2 full-time equivalent positions, which is 8.0 positions less than requested.*

**Staffing.** The Department requests 957.2 full-time equivalent positions in FY 2012, which is 27.0 fewer than enacted. This includes the transfer of the 1.0 position the Assembly provided to implement stricter transportation standards to the Office of Health and Human Services and the elimination of 26.0 of the 35.0 new positions at the Veterans Home, reclassifying them as seasonal positions. These positions are budgeted as seasonal positions in the enacted budget, but were inadvertently counted as full-time equivalent positions. The request does not include the savings from the medical benefits holiday, which the enacted budget includes in the Department of Administration for later distribution.

*The Governor recommends authorization for 949.2 positions, 8.0 fewer positions than requested. This includes eliminating the remaining 9.0 new Veterans' Home positions, delaying the staff and census increases until the final quarter of FY 2013 and transferring 1.0 position from the Department of Health for the HIV/AIDS program. The Governor recommends \$0.8 million less from all funds for salary and benefit expenses, of which \$351,263, including \$157,208 from general revenues, reflects the distribution of savings from the medical benefits holiday.*

**Medicaid Expenses - State/National Comparison.** The following 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 these 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 Department of Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of 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.

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

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Office of Health and Human Services. The 2011 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	150%	175%	180%	185%	200%	250%
1	\$ 10,890	\$ 14,484	\$ 16,335	\$ 19,058	\$ 19,602	\$ 20,147	\$ 21,780	\$ 27,225
2	14,710	19,564	22,065	25,743	26,478	27,214	29,420	36,775
3	18,530	24,645	27,795	32,428	33,354	34,281	37,060	46,325
4	22,350	29,726	33,525	39,113	40,230	41,348	44,700	55,875
5	26,170	34,806	39,255	45,798	47,106	48,415	52,340	65,425
6	29,990	39,887	44,985	52,483	53,982	55,482	59,980	74,975
7	33,810	44,967	50,715	59,168	60,858	62,549	67,620	84,525
8	37,630	50,048	56,445	65,853	67,734	69,616	75,260	94,075

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

## Medical Assistance

The Caseload Estimating Conference met on November 4, 2011 and based on current law, set the FY 2012 medical assistance expenditures at \$1,622.8 million, including \$784.0 million from general revenues, which is \$18.6 million less than enacted from all funds and \$1.9 million less from general revenues. The caseload estimate restores \$2.3 million from general revenues for changes and delays related to the Money Follows the Person initiative in FY 2012, discussed separately. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor recommends expenditures of \$1,622.8 million, including \$784.0 million from general revenues, consistent with the caseload estimate. However, he shifts managed care expenses totaling \$47,116 from general revenues to federal and restricted sources to adjust for an enhanced Medicaid match rate for subsidized transportation and additional revenues in the organ transplant fund.*

Medical Assistance	FY 2010 Spent	FY 2011 Spent	FY 2012 Enacted	FY 2012 Nov. CEC	FY 2012 Gov. Rec.
<b>Hospitals</b>					
Regular Payments	\$ 120.9	\$ 125.2	\$ 113.5	\$ 112.2	\$ 112.2
DSH Payments	121.7	122.2	126.9	126.9	126.9
Total	\$ 242.6	\$ 247.4	\$ 240.4	\$ 239.1	\$ 239.1
<b>Long Term Care</b>					
Nursing and Hospice Care	\$ 334.7	\$ 334.9	\$ 341.2	\$ 342.5	\$ 342.5
Home and Community Care	60.3	68.6	74.1	76.4	76.4
Total	\$ 395.0	\$ 403.4	\$ 415.3	\$ 418.9	\$ 418.9
<b>Managed Care</b>					
Rlte Care	\$ 443.9	\$ 504.3	\$ 538.0	\$ 511.8	\$ 511.8
Rlte Share	17.3	10.0	14.0	14.7	14.7
Fee For Service	85.4	73.5	68.3	75.5	75.5
Total	\$ 546.5	\$ 587.8	\$ 620.3	\$ 602.0	\$ 602.0
<b>Rhody Health</b>	\$ 155.6	\$ 176.9	\$ 191.2	\$ 193.0	\$ 193.0
<b>Pharmacy</b>	\$ 12.9	\$ 1.3	\$ 9.7	\$ 5.6	\$ 5.6
<b>Pharmacy Part D Clawback</b>	\$ 26.4	\$ 36.4	\$ 46.4	\$ 47.7	\$ 47.7
<b>Other Medical Services</b>	\$ 108.8	\$ 123.5	\$ 118.0	\$ 116.5	\$ 116.5
Federal Funds	\$ 922.7	\$ 937.6	\$ 844.3	\$ 827.6	\$ 827.6
General Revenues	558.7	630.5	786.0	784.0	784.0
Restricted Receipts	6.3	8.7	11.1	11.1	11.1
	\$ 1,487.7	\$ 1,576.9	\$ 1,641.4	\$ 1,622.8	\$ 1,622.8

\*Expenditures in millions

The previous table itemizes medical assistance expenditures in FY 2010 and FY 2011, as enacted by the 2011 Assembly, and adopted by the caseload estimators. The Department's FY 2012 revised request is

consistent with the enacted budget and the Governor's recommendation is consistent with the caseload estimate. Each category is discussed separately.

### Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$239.1 million, of which \$117.4 million is from general revenues. It includes \$112.2 million for direct medical services and \$126.9 million for uncompensated care payments to community hospitals. The estimate includes additional general revenue expenditures of \$3.7 million for the disproportionate share hospital overpayment, discussed separately. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2012 expenditures at \$112.2 million, including \$54.0 million from general revenues. This includes \$1.0 million from general revenues for the state's community hospitals, consistent with the enacted level. The expenditures included in the estimate are \$1.3 million less than enacted, including \$0.6 million less from general revenues and \$0.7 million less from federal funds. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Hospital License Fee.** The 2011 Assembly included Section 11 of Article 19 of *2011-H 5894 Substitute A*, as amended, which set the FY 2012 licensing fee at 5.430 percent of net patient services revenue for the fiscal year ending on or after January 1, 2010 and included revenues totaling \$144.0 million for both the community hospitals and Eleanor Slater hospital. The enacted budget assumes state hospital revenues of \$110.0 million for the 2010 hospital year, which is incorrect. The actual 2010 revenues are \$106.9 million for a licensing fee of \$5.8 million, \$0.2 million less than enacted. *The Governor includes \$228,340 less revenues for FY 2012 based upon the corrected actual 2010 revenues, consistent with the November revenue estimate.*

FY 2012 Hospital License Fee	FY 2012 Enacted	FY 2012 Gov Rev.	Change to Enacted
<b>Revenues</b>			
<i>Base Year</i>	<i>2010</i>	<i>2010</i>	
<i>Tax Rate</i>	<i>5.430%</i>	<i>5.430%</i>	
Community Hospital License Fee	\$ 137,965,229	\$ 137,965,229	\$ -
Slater License Fee	6,026,665	5,798,325	(228,340)
<b>Total</b>	<b>\$ 143,991,894</b>	<b>\$ 143,763,554</b>	<b>\$ (228,340)</b>

**Hospital Reimbursement Rates.** The enacted budget includes savings of \$5.6 million from all sources from capping the increase in the outpatient reimbursement rates by the outpatient prospective payment system market basket index, beginning January 1, 2012. The budget also limits the increase in the rates paid to the hospitals for services through the managed care plans to the Centers for Medicare and Medicaid Services' prospective payment index rates. The caseload estimate and the Department's request assume these savings will be achieved. *The Governor recommends funding consistent with the caseload estimate.*

**Integration of Medicare and Medicaid.** The enacted budget directs the Department 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. The Department will enter into a savings agreement with the Centers for Medicare and Medicaid in order

for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid. The budget does not include any savings from this contract. The November caseload estimate assumes the contract will be secured on time, based on testimony provided by the Department during the conference; the Department's request is consistent with the caseload estimate. *The Governor's recommendation is consistent with the caseload estimate.*

**Disproportionate Share Payments to Hospitals.** The Caseload Estimating Conference includes \$126.9 million from all sources for the disproportionate share payments for uncompensated care costs to the hospitals, consistent with the enacted budget. This includes \$63.4 million from general revenues and \$63.5 million from federal funds. The Department testified that the payment made in July 2011 was based on an incorrect federal Medicaid payment cap and consequently overpaid the hospitals \$7.0 million. The conference estimate includes an additional \$3.7 million from general revenues to account for the portion of the overpayment that would have come from federal funds absent current law authority to recapture the payment. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Department. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

Uncompensated care costs are defined as costs incurred by a hospital attributable to charity care and bad debt for which the patient has no health insurance or third-party liability coverage. The costs are then subtracted from any payments received for medical care and attributable to Medicaid clients and Medicaid reimbursements.

Hospitals provide two forms of charitable care: free care for patients up to 200 percent of poverty and care for patients on a sliding scale between 200 and 300 percent of poverty. Bad debt is considered to be unpaid medical expenses for a person above 300 percent of poverty who has no insurance and cannot afford to pay their medical bill. *The Governor recommends funding consistent with the caseload estimate.*

FY 2012 Uncompensated Care	FY 2011 Reported	FY 2012 Enacted	Nov. 2011 CEC	FY 2012 Gov. Rec.	Gov. Change to Enacted
<b>Community Hospitals</b>					
State	\$ 55,744,952	\$ 58,937,600	\$ 62,670,879	\$ 62,670,879	\$ 3,733,279
Federal	61,967,532	66,375,662	62,642,383	62,642,383	(3,733,279)
Subtotal	\$ 117,712,484	\$ 125,313,262	\$ 125,313,262	\$ 125,313,262	\$ -
<b>Eleanor Slater Hospital</b>					
State	\$ 2,109,624	\$ 738,333	\$ 738,333	\$ 738,333	\$ -
Federal	2,345,112	810,508	810,508	810,508	-
Subtotal	\$ 4,454,736	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ -
<b>Upper Payment Limit</b>					
State	\$ 6,467,559	\$ 5,772,717	\$ 5,772,717	\$ 5,772,717	\$ -
Federal	11,593,202	6,337,030	6,337,030	6,337,030	-
Subtotal	\$ 18,060,761	\$ 12,109,747	\$ 12,109,747	\$ 12,109,747	\$ -
<b>Unqualified Expenses</b>					
State*	\$ 8,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Federal	-	-	-	-	-
Subtotal	\$ 8,400,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
<b>Total</b>	<b>\$ 148,627,981</b>	<b>\$ 139,971,850</b>	<b>\$ 139,971,850</b>	<b>\$ 139,971,850</b>	<b>\$ -</b>

\*Shifted payment made to the four community hospitals from FY 2010 to FY 2011.

**Upper Payment Limit Reimbursements.** The enacted budget includes \$12.1 million from all sources, \$5.8 million from general revenues to make the outpatient upper payment limit reimbursement to the state's community hospitals. The caseload estimate and the Department's request include the payment. *The Governor recommends funding consistent with the caseload estimate.*

**State Only Acute Care Payments.** The Caseload Conference estimate includes \$1.0 million for state only payments to be made for additional acute care costs in FY 2012. Of this amount, \$500,000 will be distributed to both South County Hospital and Westerly Hospital, consistent with the enacted budget. The Department's revised request is consistent with the enacted budget. *The Governor recommends funding consistent with the caseload estimate.*

### **Long Term Care**

**Long Term Care.** The Caseload Estimating Conference estimate includes long term care expenses at \$418.9 million, of which \$199.5 million is from general revenues. This includes \$342.5 million for nursing facilities and hospice care and \$76.4 million for home and community care. This is \$3.6 million more than the enacted budget, including \$2.4 million from assumed savings related to the Money Follows the Person initiative that will not be realized. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2012 expenditures of \$342.5 million, of which \$163.3 million is from general revenues for the state's 84 nursing facilities, \$1.3 million more than enacted. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Integration of Medicare and Medicaid.** The enacted budget directs the Department 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. The Department will enter into a savings agreement with the Centers for Medicare and Medicaid in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid. The budget does not include any savings from this contract. The November caseload estimate assumes the contract will be secured on time, based on testimony provided by the Department during the conference; the Department's request is consistent with the enacted budget. *The Governor recommends funding consistent with the caseload estimate.*

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$76.4 million for home and community care expenses, including \$36.2 million from general revenues. This includes \$2.3 million more from all funds, \$3.4 million from general revenues. The estimate restores \$2.4 million from general revenues, based on testimony from the Department that the savings related to the Money Follows the Person initiative could not be achieved. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Money Follows the Person.** The enacted budget includes general revenue savings of \$2.5 million from shifting expenditures to a new federal grant. The Money Follows the Person Rebalancing Demonstration grant is designed to provide assistance to the state in balancing its long term care system by allowing the state to avoid having Medicaid eligible individuals remain in long term facilities by using community based services instead. Rhode Island was awarded \$24.6 million through FY 2016 and the FY 2012 award is \$2.5 million. Under this program, certain administrative costs are matched with 100 percent federal funds and specified home and community based services will receive a 76.0 percent federal match.

The caseload estimate restores \$2.4 million from general revenues due to delayed implementation and hiring additional staff, a slower increase in new cases and fewer assessed cases that are eligible for the enhanced match than anticipated. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Personal Choices Option.** The enacted budget includes savings of \$0.4 million, including \$0.2 million from general revenues from assuming the Department can find efficiencies in the operation of the program and reduce costs to reflect cost per client spending levels consistent with other home and community based programs. The caseload estimate and the Department's request include the savings.

The Department provides home and community care services through the personal choices option under the global waiver and gives a monthly stipend to eligible individuals so they can hire who they chose, to help with daily activities allowing them to remain in their own home. The Department contracts with Tri-Town Community Action, PARI and Ocean State Community Resource to assist program recipients with fiscal oversight and assessment and monitoring activities. Each agency is reimbursed per client for the oversight activities that it provides. *The Governor recommends funding consistent with the caseload estimate.*

**Home Health Services.** The state provides personal care attendants and homemaker services for patients who would otherwise need an institutional level of care because of their difficulty in performing activities of daily living. The enacted budget includes savings of \$0.4 million from all sources, including \$0.2 million from general revenues from a 3.0 percent rate reduction, selectively contracting to offer greater volume in exchange for lower rates, requiring providers to be Medicare certified to avoid costs that would be Medicare eligible, and restructuring the rates and authorization standards to achieve the savings, beginning the final quarter of FY 2012. The caseload estimate and the Department's request assume that the savings will be achieved. *The Governor recommends funding consistent with the caseload estimate.*

### Managed Care

The Caseload Estimating Conference estimate includes managed care expenses of \$602.0 million, which is \$18.3 million less than enacted, including \$8.5 million less from general revenues. The estimate includes \$281.5 million from general revenues and \$320.5 million from federal funds and includes Rite Care expenses at \$511.8 million, Rite Share at \$14.7 million and fee-for-service expenses at \$75.5 million; a discussion of each follows. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

*The Governor recommends funding consistent with the caseload estimate, with the exception of shifting managed care expenses totaling \$47,116 from general revenues to federal and restricted sources to adjust for an enhanced Medicaid match rate for subsidized transportation and additional revenues in the organ transplant fund.*

**Rite Care.** The Caseload Estimating Conference estimated Rite Care expenditures at \$511.8 million including \$239.3 million from general revenues. This is \$26.2 million less than enacted, including \$12.2 million less from general revenues based on reduced growth and a lower average per member per month cost. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate, except that he shifts expenditures of \$44,900 from general revenues to federal funds to correct for an enhanced Medicaid match rate for subsidized monthly bus passes for Rite Care recipients.*

**RIte Care Co-Share Increases.** The enacted budget includes an increase to the existing monthly cost sharing requirement for families between 150 and 250 percent of federal poverty to five percent of family income, effective October 1, 2011 and assumes savings of \$1.4 million, including \$0.7 million from general revenues. However, the Centers for Medicare and Medicaid Services will not allow the state to implement the rate increase because an increase in premiums over those in effect on March 23, 2010 is a more restrictive eligibility procedure, which is inconsistent with maintenance of effort requirements of the Affordable Care Act. Even though the state had the authority on March 23, 2010 to increase the rates, increasing them after that date is not allowed.

As a result, the rate increase did not occur; however, the Department indicated in its November caseload testimony that the savings would be found in other ways, which were not fully determined at the time. The caseload estimate and the Department’s request assume that the savings will be achieved. *The Governor recommends funding consistent with the caseload estimate.*

The following table includes the current co-payments which are in effect through September 30, 2011, the increased rates included in the enacted budget, which are five percent of the lowest income level in each bracket and were to begin October 1, 2011, and the increase in the monthly co-payment. As previously mentioned, the state was not allowed to increase the rates, so the current rates remain at the September 30, 2011 levels.

RIte Care Co-Pays			
Poverty Level	Ending 9-30-11	Starting 10-1-11	Increase
Up to 150	\$ -	\$ -	\$ -
150 up to 185	61	91	30
185 up to 200	77	113	36
200 up to 250	92	122	30

*\*9-30-11 rates still in effect because disallowed by Centers for Medicare and Medicaid Services.*

**RIte Share.** The Caseload Estimating Conference estimate includes RIte Share expenditures of \$14.7 million, including \$6.9 million from general revenues. This is \$0.7 million more than enacted, including \$0.3 million more from general revenues, based on increased utilization. The Department’s revised request is consistent with the enacted budget and does not reflect the adopted estimate. The RIte Share program allows families who are eligible for medical assistance to remain in their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Share eligible participants if the coverage is similar to the cost and services offered through RIte Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctor’s visits when the charges exceeded the amount that the employer’s insurance will pay. *The Governor recommends funding consistent with the caseload estimate.*

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate includes FY 2012 fee-based managed care expenditures of \$75.5 million from all sources, of which \$35.3 million is general revenues. The estimate is \$7.2 million more than enacted, including \$3.4 million more from general revenues from shifting some expenses from RIte Care to fee-based managed care and increased transportation expenditures. Fee-based managed care provides additional services to those in the contracted managed care system. The Department’s revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate, except that he shifts expenditures of \$2,216 from general revenues to restricted receipts to utilize excess cash reserves in the organ transplant fund.*

**Early Intervention Funding.** The Department requests the enacted level of \$4.4 million from all sources for early intervention services, including \$1.6 million from general revenues and \$2.8 million from federal funds. This includes \$3.4 million for expenses that were previously state only and \$1.0 million from the state's \$3.2 million, two-year federal grant. The Department spent \$1.5 million in FY 2011 and the enacted budget includes expenditures of \$1.0 million from the grant. The enacted budget includes general revenue savings of \$0.5 million from shifting expenditures to the federal grant. The caseload estimate and the Department's request are consistent with the enacted level. The Department indicates it has until September 30, 2012 to spend the grant funds; however, the remaining funds were not requested in the FY 2012 revised and the FY 2013 request includes \$1.0 million, which exceeds the total grant amount if the funds budgeted in FY 2012 are completely spent in FY 2012. *The Governor recommends \$63,212 less than requested, including \$30,133 less from general revenues.*

**Hospital Outpatient Rates in Managed Care.** The enacted budget includes savings of \$5.6 million from all sources from capping the increase in the outpatient reimbursement rates by the outpatient prospective payment system market basket index, beginning January 1, 2012. The budget also limits the increase in the rates paid to the hospitals for services through the managed care plans to the Centers for Medicare and Medicaid Services' prospective payment index rates. The caseload estimate and the Department's request assume these savings will be achieved. *The Governor recommends funding consistent with the caseload estimate.*

**Alternative Rehabilitative Services.** Currently, the Department provides coverage for physical therapy and rehabilitation services for managed care recipients, including RItE Care members. The enacted budget includes savings \$0.1 million, including \$49,098 from general revenues from allowing the use of pain management specialists or centers to reduce the client's utilization of pharmaceuticals and hospital visits beginning March 1, 2012. It also adds injections, nutrition counseling, behavioral health and care management services to the list of services covered. The caseload estimate and the Department's request assume the savings will be achieved. All of the savings are included in the managed care program, but some of the savings may appear in the Rhody Health and other medical services programs as well. *The Governor recommends funding consistent with the caseload estimate.*

## **Rhody Health**

**Rhody Health.** The Caseload Estimating Conference estimate includes expenditures of \$193.0 million from all sources, including \$92.0 million from general revenues for the program for FY 2012. This is \$1.8 million more than enacted, including \$0.9 million more from general revenues. The estimators assume additional costs from caseload growth, especially in the more expensive population groups. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Alternative Rehabilitative Services.** Currently, the Department provides coverage for physical therapy and rehabilitation services for managed care recipients, including Rhody Health members. The enacted budget includes savings \$0.1 million, including \$49,098 from general revenues from allowing the use of pain management specialists or centers to reduce the client's utilization of pharmaceuticals and hospital visits beginning March 1, 2012. It also adds injections, nutrition counseling, behavioral health and care management services to the list of services covered. The caseload estimate and the Department's request assume the savings will be achieved. All of the savings are included in the managed care program, but some of the savings may appear in the Rite Care and other medical services programs as well. *The Governor recommends funding consistent with the caseload estimate.*

**Non-Emergency Medical Transportation.** The state reimburses wheelchair van providers for non-emergency medical transportation to Medicaid recipients, including Rhody Health clients, who have no other form of transportation available to them. Beginning February 1, 2011, the Department reduced the reimbursement of \$25.65 per trip plus \$1.75 per mile for non-wheelchair van transportation to a flat rate of \$22.00 per trip and provides the \$0.51 mileage reimbursement for out-of-state trips only, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles. The enacted budget includes savings of \$4.5 million from all sources from these changes, including \$0.9 million in the Rhody Health program.

In the enacted budget, the 2011 Assembly assumed additional savings of \$3.1 million, including \$0.8 million from all sources and \$0.4 million from general revenues in the Rhody Health program from the Department adhering to stricter standards in providing non-emergency transportation services. Testimony provided for the November caseload conference indicated that the savings would be difficult to achieve, but the Department assumes that the savings will be achieved and the caseload estimate assumes the same. The Department's revised request is consistent with the enacted budget which assumes the savings. *The Governor recommends funding consistent with the caseload estimate.*

### **Pharmacy**

The Caseload Estimating Conference estimate includes pharmacy expenses of \$53.3 million; this is \$2.8 million less than enacted. This includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Pharmacy costs also include psychotropic medicines for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Medicaid eligible behavioral health clients. *The Governor recommends funding consistent with the caseload estimate.*

**Pharmacy.** The Caseload Estimating Conference estimate includes FY 2012 pharmacy expenditures of \$5.6 million, of which \$2.7 million is from general revenues. This is \$4.1 million less than enacted, including \$2.0 million less from general revenues, reflecting the anticipated drug rebate rate of 68 percent, consistent with the rebate rate received in FY 2011. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below. *The Governor recommends funding consistent with the caseload estimate.*

**Medicare Drug Benefit - Part D Clawback.** The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$47.7 million, \$1.3 million more than enacted. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but pay a \$1 co-payment for generic drugs or a \$3 co-payment for brand names. *The Governor recommends funding consistent with the caseload estimate.*

### **Other Medical Services**

The Caseload Estimating Conference estimate includes costs for other medical services, which include

Part B Medicare premium payments for the dually eligible population and additional payments to dentists, physicians and other practitioners. Similar to the pharmacy payments, a portion of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' adults with developmental disabilities and behavioral health clients are eligible for other medical services.

**Other Medical Services.** The Caseload Estimating Conference estimate includes expenditures for other medical services at \$116.5 million, which includes \$43.3 million from general revenues. The estimate is \$1.5 million less than the enacted budget, including \$0.7 million less from general revenues. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Connect Care Choice.** The enacted budget assumes savings of \$67,200 from all funds, including \$32,033 from general revenues from dis-enrolling clients who are eligible for both Medicare and Medicaid, often called dual eligibles, from the Connect Care Choice program beginning April 1, 2011. There had been 400 dual eligibles currently enrolled in the Connect Care Choice program. This change did not affect the clients, but eliminated the monthly case management payment made to the primary care providers and the per person per month payment for nurse care managers. It is common practice for the Department to dis-enroll those deemed dual eligibles, but there appeared to have been a significant lag in executing this. The caseload estimate and the Department's revised request include the savings. *The Governor recommends funding consistent with the caseload estimate.*

**Children's Health Account.** The enacted budget includes \$11.0 million from restricted receipts, which provide direct general revenue savings, for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Department of Human Services for those services, not to exceed \$7,500 per service per child per year. The payments for these assessments are paid from and collected in the children's health account. The Department currently assesses program expenses in three categories; comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health services; and child and adolescent intensive treatment services and each category has a number of specific services within it.

The 2010 Assembly increased the assessment limit from \$5,000 to \$6,000 and the 2011 Assembly increased it to \$7,500 and changed the methodology of the assessment to cover each service, not service category. The caseload estimate and the Department's request are consistent with the enacted level. *The Governor recommends funding consistent with the caseload estimate.*

**Health Homes Phase I – CEDARR.** The enacted budget includes general revenue savings of \$1.3 million from providing home and community based treatment services through a new health home model with the federal government paying 90.0 percent of the costs of Medicaid covered services. The November caseload estimate and the Department's request assume the savings will be achieved.

The Affordable Care Act provides for states to receive 90 percent federal match for two years for a set of home and community services defined in the Act as a "health home," including those provided to disabled children. These services include comprehensive case management, care coordination, health promotion, transitional care from an inpatient setting to other settings, individual and family support, referral to community and social services and the use of health information technology to link services. *The Governor recommends funding consistent with the caseload estimate.*

**Non-Emergency Medical Transportation.** The state reimburses wheelchair van providers for non-emergency medical transportation to Medicaid recipients who have no other form of transportation

available to them. Beginning February 1, 2011, the Department reduced the reimbursement of \$25.65 per trip plus \$1.75 per mile for non-wheelchair van transportation to a flat rate of \$22.00 per trip and provides the \$0.51 mileage reimbursement for out-of-state trips only, consistent with the Internal Revenue Service's 2011 business miles reimbursement rate for passenger vehicles. The enacted budget includes savings of \$4.5 million from all fund sources from these changes, including \$3.6 million from the other medical services program.

In the enacted budget, the 2011 Assembly assumed additional savings of \$7.3 million, including \$6.5 million from all sources in the other medical services program. This includes \$3.1 million less from the Department adhering to stricter standards in providing non-emergency transportation services and \$4.2 million less from the Department no longer having to provide transportation services to those adults with developmental disabilities who receive services through Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Transportation expenses for those clients will be included in new rates implemented through Project Sustainability.

Testimony provided for the November caseload conference indicated that the savings would be difficult to achieve, but the Department assumes that the savings will be achieved and the caseload estimate assumes the same. The Department's revised request is consistent with the enacted budget which assumes the savings. *The Governor recommends funding consistent with the caseload estimate.*

**Integration of Medicare and Medicaid.** The enacted budget directs the Department 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. The Department will enter into a savings agreement with the Centers for Medicare and Medicaid in order for the state to recover a portion of the savings that would occur when the state provides services covered under Medicare to clients eligible for both Medicare and Medicaid. The budget does not include any savings from this contract. The November caseload estimate assumes the contract will be secured on time, based on testimony provided by the Department during the conference; the Department's request is consistent with the caseload estimate. *The Governor recommends funding consistent with the caseload estimate.*

### **Medical Assistance Administration**

**Rlte Care Administration.** The Department requests \$4.5 million from all sources for Rlte Care administration expenditures, which is \$0.5 million less than enacted. This includes \$0.2 million from both general revenues and federal funds and primarily from reductions to administrative consultants. The Department assigns both full-time equivalent positions and administrative consultants to the Rlte Care program, specifically through Allied Computer Services, who perform such functions as research, negotiations for existing contracts, data processing and program implementation. The request includes \$4.4 million for these consultants, which is \$0.5 million less than enacted, shifting a portion of the contract to be accounted in the other medical services administration section. *The Governor recommends funding as requested.*

**Rlte Share Administration.** The Department requests \$1.6 million, which is \$51,356 less than enacted from all sources, including \$25,487 less from general revenues for Rlte Share administration expenditures. The request includes a reduction of \$63,302 for postage partially offset by increases for printing and other office expenses. The request includes \$1.6 million from all sources for contracted Rlte Share administrative costs through Allied Computer Services, which is consistent with the enacted level. *The Governor recommends funding as requested.*

**Early Intervention Administrative Operations.** The Department requests \$2.9 million from all funds, including \$0.5 million from general revenues for operating expenses for the Early Intervention program, excluding salaries and benefits. The request is \$20,671 more than enacted from all sources, including \$3,713 more from general revenues. The request includes \$30,956 from federal stimulus funds carried forward from FY 2011. The request includes increases for computer equipment, printing and required audit fees, partially offset by reductions for the contracts the state has with 13 early intervention providers. *The Governor recommends funding as requested.*

**Disability Determination Unit Positions.** The revised request includes \$0.5 million less from federal funds for disability determination unit positions. The enacted budget includes \$0.8 million from federal funds and authorization for 10.0 new full-time equivalent positions for the disability determination unit, including 9.0 rehabilitation counselors and 1.0 administrator. The federal Social Security Administration requested that the state hire additional staff to address the backlog of claims that are resulting from increasing numbers of applications for supplemental security income and supplemental security disability income benefits. However, the Administration then restricted the hiring and funding.

The Department was able to fill 4.0 of the 10.0 positions and shift the funding expenses to other federal disability determination grants once the Social Security Administration funding was restricted, essentially filling 4.0 regular vacant positions within the unit. However, the request does not eliminate the original 4.0 filled positions or the remaining 6.0 positions that were not filled, but instead shifts the 6.0 positions for use elsewhere in the Department, though the location has not specifically been determined. The request includes the federal fund reduction from these 6.0 positions. *The Governor recommends funding as requested.*

**Office of Rehabilitative Services – Other Staffing.** The Department requests \$0.6 million more for staffing costs, including \$0.2 million more from general revenues and \$0.4 million more from federal funds. The general revenue increase includes partial restoration of the across the board reductions and cost shifting from federal funds, due to increased vacancies of federally funded positions that currently exist. The request assumes filling some of the approximately 18 vacant positions that currently exist with full federal funding or 80 percent federal funding, but the request appears to be an optimistic assumption and includes more funding than will likely be spent. The Office reports it has lost almost 13 percent of its staff over the past five quarters and the revised request assumes filling some of these positions in the current year. *The Governor recommends \$48,775 less, including \$8,368 less from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Office of Rehabilitative Services - Other Operations.** The Department requests \$16.8 million, \$2.4 million less than enacted to support operations in the Office of Rehabilitative Services. This includes \$2.3 million from general revenues, \$0.3 million less than enacted and \$14.5 million from federal funds, \$2.1 million less than enacted. The request includes \$0.2 million from federal stimulus funds carried forward from FY 2011. The reduction to federal grants, and the corresponding general revenue match, is because of increased efficiency in the delivery of services to clients, while still providing the requested services. The client's need for services fluctuates annually and the enacted amount reflects a higher estimate of needed services than have been experienced thus far in FY 2012. The Office also requests \$0.1 million more from federal funds for contracted temporary clerical services in the disabilities determination unit to assist with processing applications due to staffing shortages. *The Governor recommends \$33,296 less from federal funds to reflect actual grant awards and available funding.*

**Medical Services Operations – Staffing.** The Department requests \$13.4 million from all sources for salaries and benefits for medical services operations, including \$6.7 million from both general revenues and federal funds. This is \$24,691 less than enacted, including \$215,744 more from general revenues.

This includes the transfer of the 1.0 position and \$50,000 from all sources that the Assembly provided for implementing stricter transportation standards to the Office of Health and Human Services. It also includes \$0.3 million less from turnover savings and shifting \$0.4 million in expenses to other programs, offset by the restoration of the general revenue across the board reduction and \$410,500 in additional overtime expenditures because of increased demand for services and reduced staffing levels. *The Governor recommends \$56,402 less, including \$28,201 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Data Warehouse and Information Technology Upgrades.** The Department requests \$3.8 million more, primarily from federal funds, for several projects including the data warehouse and various technology upgrades for Medicaid administrative operations. The enacted budget includes \$5.9 million, including \$1.1 million from general revenues and \$4.7 million from federal funds for these projects, but delays in procuring contracts in FY 2011 have resulted in the increased revised request.

The Department is developing and operating several new programs with help from the Centers for Medicare and Medicaid Services. The first is a new contract with HP Enterprises for the new MMIS Choices project, which will create a data repository and reporting system containing Medicaid-related information from data sources across the state's health and human services agencies, known as a data warehouse. The design and development of the Choices program is funded 90.0 percent from federal funds and 10.0 percent from general revenues; the maintenance is funded 75.0 percent from federal funds and 25.0 percent from general revenues. The development was to be completed in FY 2011, but there had been procurement delays; the completion of the development and the maintenance is included in the FY 2012 revised request.

The second project is a new technology assessment, which the Department will contract through Public Consulting Group for an examination of the Department's business processes. This examination will evaluate the current status of how many tasks are manual, partially automated and fully automated and then determine which direction the Department should take technology-wise and help the state determine whether to update the current claims payment system, MMIS, or to replace it in the future. It also includes funding for the required audit for the disproportionate share payment to hospitals. *The Governor recommends funding as requested.*

**Electronic Health Records Incentives.** In July 2011, the Department began the Electronic Health Records Incentive program where eligible medical providers and acute care hospitals with at least 30.0 percent and 10.0 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. Subsequent to the request, the Department indicated it inadvertently omitted its anticipated incentive payments from its revised request. *The Governor recommends \$18.1 million from federal funds for these incentive payments.*

**Medical Services Operations – Other Operations.** The Department requests \$26.5 million from all sources, or \$0.4 million more than enacted for expenditures related to the operations of the medical benefits program. This includes \$7.7 million from general revenues, or \$0.5 million more than enacted, \$18.7 million from federal funds, \$0.1 million less than enacted and \$60,000 from restricted receipts, consistent with the enacted budget.

The request includes the transfer of \$480,098 for a portion of the Allied Computer Services contract, discussed previously, and inadvertently double counts \$300,000 for a new traumatic brain injury grant. The request also includes \$165,930 or \$431,323 less from federal funds for the Real Choices System, including the \$7,078 carried forward from FY 2011. The Department indicates that the enacted budget

contains more funding than is available and the grant funds needed to be spent by September 30, 2011. According to the state's accounting system on December 23, 2011, the Department spent \$157,896, which is \$8,034 less than the revised request. *The Governor recommends \$300,000 less than requested from general revenues, removing the double counted expenditures for the traumatic brain injury grant.*

### Cash Assistance Programs

The Caseload Estimating Conference estimate includes \$109.9 million from all sources, including \$30.8 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. This is \$2.6 million more than the enacted budget, including \$0.8 million from general revenues. The Department's request is \$1.2 million less from federal funds than the enacted level, which it indicates was an inadvertent error; the Department intended its request to be consistent with the enacted level for cash assistance. The following table itemizes cash assistance expenditures as spent in FY 2010 and FY 2011, enacted by the 2011 Assembly, adopted by the caseload estimators and recommended by the Governor. Each category is discussed separately.

Cash Assistance	FY 2010 Spent	FY 2011 Spent	FY 2012 Enacted	FY 2012 Nov. CEC	FY 2012 Gov. Rev.
<b>Rhode Island Works</b>					
Persons	18,197	15,797	15,000	16,160	16,160
Monthly Cost per Person	\$ 184.97	\$ 187.93	\$ 189.00	\$ 192.00	\$ 192.00
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	43.8	39.0	37.2	40.8	40.8
<b>Total Costs*</b>	<b>\$ 43.8</b>	<b>\$ 39.0</b>	<b>\$ 37.2</b>	<b>\$ 40.8</b>	<b>\$ 40.8</b>
<b>Child Care</b>					
Subsidies	6,499	6,906	6,900	6,615	6,615
Annual Cost per Subsidy	\$ 7,120	\$ 7,064	\$ 7,090	\$ 7,115	\$ 7,115
General Revenue	\$ 7.1	\$ 9.3	\$ 9.7	\$ 9.7	\$ 9.7
Federal Funds	39.7	39.5	39.3	37.4	37.4
<b>Total Costs*</b>	<b>\$ 46.8</b>	<b>\$ 48.7</b>	<b>\$ 48.9</b>	<b>\$ 47.1</b>	<b>\$ 47.1</b>
<b>SSI</b>					
Persons	32,050	32,997	33,495	33,800	33,800
Monthly Cost per Person	\$ 47.37	\$ 47.41	\$ 44.60	\$ 46.00	\$ 46.00
<b>Total Costs/General Revenue*</b>	<b>\$ 22.2</b>	<b>\$ 20.9</b>	<b>\$ 18.0</b>	<b>\$ 18.8</b>	<b>\$ 18.8</b>
<b>SSI Transition/Bridge</b>					
Persons	538	591	606	640	640
Monthly Cost per Person	\$ 119.89	\$ 100.19	\$ 114.76	\$ 109.00	\$ 109.00
General Revenues	\$ 1.9	\$ 2.0	\$ 2.3	\$ 2.3	\$ 2.7
Federal Funds	0.9	1.0	0.9	0.9	0.9
<b>Total Costs*</b>	<b>\$ 2.8</b>	<b>\$ 3.0</b>	<b>\$ 3.2</b>	<b>\$ 3.2</b>	<b>\$ 3.6</b>
General Revenue	31.3	32.3	30.0	30.8	31.2
Federal Funds	84.3	79.4	77.4	79.1	79.1
<b>Total Cash Assistance*</b>	<b>\$ 115.6</b>	<b>\$ 111.7</b>	<b>\$ 107.3</b>	<b>\$ 109.9</b>	<b>\$ 110.3</b>

\*Expenditures in millions

*The Governor recommends cash assistance expenditures of \$110.3 million, including \$31.2 million from general revenues and \$79.1 million from federal funds. This is \$388,159 more from general revenues than the caseload estimate to account for a one-time adjustment related to the supplemental security income transition/bridge program, discussed separately.*

**Maintenance of Effort Requirement.** The state is required to spend \$64.4 million from general

revenues as part of its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant. The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes. The Department's request assumes that the requirement will be met. *The Governor's budget assumes the state meets its maintenance of effort requirements for the block grant funding.*

**Rhode Island Works.** The Caseload Estimating Conference estimate includes program expenditures of \$40.8 million entirely from federal funds. The estimate increased the monthly caseload by 1,160 people to a level of 16,160. The monthly cost per person is estimated to increase by \$3.00 to \$192.00. The estimated program expenditures are \$3.6 million more than the enacted budget, including \$3.2 million from the increased caseload and cost per case and \$0.4 million more for transportation expenses. The Department's request is \$7,350 less from federal funds than the enacted level, which it indicates was an inadvertent error; the Department intended its request to be consistent with the enacted level. *The Governor recommends funding consistent with the caseload estimate.*

**Child Care.** The Caseload Estimating Conference estimate includes child care expenditures of \$47.1 million, of which \$9.7 million is from general revenues. This is \$1.9 million less from federal funds than enacted and general revenue funding consistent with the enacted level. The estimate reflects 285 fewer child care subsidies for a monthly level of 6,615 and increases the annual cost by \$25 to \$7,115 for FY 2012. The Department's request is \$1.1 million less from federal funds than the enacted level, which it indicates was an inadvertent error; the Department intended its request to be consistent with the enacted level.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for the program they are automatically eligible for assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty. *The Governor recommends funding consistent with the caseload estimate.*

**Supplemental Security Income Payments.** The Caseload Estimating Conference estimate includes FY 2012 direct supplemental security income expenditures at \$18.8 million from general revenues, or \$0.8 million more than enacted. The caseload increased by 305 persons to a monthly level of 33,800. Estimators also increased the monthly cost per person by \$1.40 to \$46.00. The estimate includes the reduced payment for residents in assisted living facilities from \$538 to the state's federally required minimum payment of \$332, effective October 1, 2011. The Department's request is consistent with the enacted level and does not reflect the conference estimate. *The Governor recommends funding consistent with the caseload estimate.*

**Supplemental Security Income Transaction Fees.** The Caseload Estimating Conference estimate includes FY 2012 transaction fees totaling \$120,000 from general revenues. The Department continues to pay transaction fees for individuals residing in assisted living residences and testified that it also pays transaction fees for a corrective check when an incorrect payment has been issued by the Social Security Administration. The Department also pays transaction fees for checks sent to individuals who applied before the state took over the state's supplemental payment, but were accepted after the takeover, until the individual's payments are brought up to date. The Department's request is consistent with the enacted level and does not reflect the conference estimate.

The following table includes the separate categories and monthly payments prior to and subsequent to the October 1, 2011 change. There will be a 3.6 percent cost-of-living adjustment, effective January 1, 2012, which will increase the federal portion of the total payment. This increase is not reflected in the

following table, but is shown in the FY 2013 analysis for the Department. *The Governor recommends funding consistent with the caseload estimate.*

Supplemental Security Income Payments	Through 9-30-2011			Beginning 10-1-2011		
	State	Federal	Total	State	Federal	Total
Individual Living Alone	\$ 39.92	\$ 674.00	\$ 713.92	\$ 39.92	\$ 674.00	\$ 713.92
Couple Living Alone	\$ 79.38	\$ 1,011.00	\$ 1,090.38	\$ 79.38	\$ 1,011.00	\$ 1,090.38
Individual Living with Others	\$ 51.92	\$ 449.34	\$ 501.26	\$ 51.92	\$ 449.34	\$ 501.26
Couple Living with Others	\$ 97.30	\$ 674.00	\$ 771.30	\$ 97.30	\$ 674.00	\$ 771.30
Resident in State Licensed Supportive Residential Care	\$ 300.00	\$ 674.00	\$ 974.00	\$ 300.00	\$ 674.00	\$ 974.00
Resident in Assisted Living	\$ 332.00	\$ 674.00	\$ 1,006.00	\$ 332.00	\$ 674.00	\$ 1,006.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00	\$ 20.00	\$ 30.00	\$ 50.00

**Supplemental Security Income Transition/Bridge Program.** The Caseload Estimating Conference estimated expenditures for the supplemental security income transition/bridge program at \$3.2 million, including \$2.3 million from general revenues. This is \$35,585 more than enacted from general revenues. The estimate includes \$0.8 million for cash payments, \$1.7 million for medical expenses and \$0.7 million for burials. The estimate increases the projected number of persons by 34 to a level of 640 and decreases the monthly cost per person from \$114.76 to \$109.00 for a total cash payment increase of \$2,585. The estimate for burial expenses increases by \$33,000 to \$670,000. The Department's request is consistent with the enacted level and does not reflect the conference estimate. This program is designed for individuals who maintain an active application for the supplemental security income program.

*The Governor recommends funding consistent with the caseload estimate and shifts \$388,159 from federal funds to general revenues to account for past expenditure credits posted to general revenues prior to the Medicaid global waiver that should have been credited at the Medicaid match rate. This is a one-time adjustment that will only occur in FY 2012.*

**Hardship Payments.** The Department requests the enacted level of \$210,000 from general revenues for hardship contingency payments; the Department director may provide for these payments. The program provides temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. *The Governor recommends funding as requested.*

### Cash Assistance Administration

**Rhode Island Works Program Administration – Staffing.** The Department requests \$10.7 million for salary and benefit expenses for Rhode Island Works program administration. This includes \$3.3 million from general revenues and \$7.4 million from federal funds. This is \$0.3 million less than enacted, including \$0.1 million less from general revenues and \$0.2 million less from federal funds. The request includes fewer federal funds from delays in hiring the 6.0 new positions the 2011 Assembly provided to deliver intensive case management services to program participants to access job training services and address obstacles to participation in allowable work activities. The request also includes additional turnover savings from approximately three vacant positions, partially offset by \$68,000 more from general revenues for overtime expenditures. *The Governor recommends \$45,738 less, including \$11,920 less from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Rhode Island Works Grants.** The Department requests grant expenditures of \$9.0 million, primarily from federal funds for training and work activities for program recipients. This is \$3.1 million more than enacted, including \$1,056 less from general revenues and \$3.1 million more from federal funds and represents a 52.5 percent increase from the enacted level. The federal fund increase primarily reflects the anticipated utilization of available temporary assistance to needy families block grant funds. Increased expenditures include \$1.4 million for child care because of anticipated increased parent involvement in work preparation activities or employment, \$1.1 million for new and continued contracts for on the job training and paid work experiences and shifts \$0.6 million for contracts with Rhode Island institutions of higher education for Rhode Island Works staff training from an operating expenditure to a grant.

*The Governor recommends \$2.4 million less from federal temporary assistance to needy families grant funds, the additional funding requested for child care and on the job training contracts, because the Department did not provide any supporting information or justification regarding the use of these funds.*

**Rhode Island Works Program Administration – Other Operations.** The Department requests \$5.0 million for Rhode Island Works program administration expenses, which is \$0.6 million less than enacted. This includes \$2.0 million from general revenues, \$1.3 million more than enacted and \$3.0 million from federal funds, which is \$1.9 million less than enacted. The enacted budget includes general revenue savings of \$0.9 million from shifting expenses to the federal temporary assistance to needy families block grant, but the request inadvertently shifts the funds back. It also shifts \$0.6 million for contracts with Rhode Island institutions of higher education for Rhode Island Works staff training from operations to grants, discussed earlier. It also includes expenditure reductions of \$0.2 million for communications expenses offset by increases of \$0.1 million for interpreters and \$0.1 million for all other operating expenses, including postage and security services at the satellite offices.

*The Governor recommends \$12,026 less than requested. He shifts expenses of \$1.3 million from general revenues to federal temporary assistance to needy families block grant funds.*

**Child Care Administration – Staffing.** The Department requests \$1.5 million from all funds for salary and benefit expenses for child care administration. The request includes \$0.7 million from both general revenues and federal funds and is \$0.1 million less than enacted, including \$1,696 more from general revenues. The request assumes additional turnover savings for approximately 6.0 additional positions. *The Governor recommends \$6,914 less, including \$3,685 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Child Care Administration – Other Operations.** The Department requests \$2.9 million for child care administration expenditures, including \$0.2 million from general revenues and \$2.7 million from federal funds. This is \$0.4 million more than enacted, including \$27,093 less from general revenues. Grant expenditures of \$2.0 million are \$0.3 million more than enacted from stimulus funds that were carried forward from FY 2011 and include: supporting the licensing function of Department of Children, Youth and Families; resource and referral services to families; developing early learning standards; professional development and training programs; on-site technical assistance to family and center based child care centers, and a statewide quality rating and improvement system for providers. The remaining changes include \$70,309 less for the InRhodes contract offset by increases of \$94,500 for postage, \$65,000 for interpreters and translators and \$5,074 for all other operating expenditures. *The Governor recommends \$2,176 less from federal funds to available resources.*

**SSI Supplemental Payment Administration - Staffing.** The Department requests \$92,863 less from general revenues for staffing expenditures related to administering the state supplemental security income

program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. The enacted budget assumes the 3.0 case worker positions would be filled for the full year and the nurse position would be filled for eight months in FY 2012. The revised request includes updated benefit rates, turnover savings for the public health nurse position and assumes additional turnover savings of about \$11,000 from delays in filling the other three positions.

The Department had requested 4.0 positions in November 2010 in its FY 2012 request, though it had been determined within the Department in October 2010 that only 3.0 positions were needed and the nurse position was not required. The Department indicates that the 4.0 positions were requested if the nurse or an additional case worker was determined to be needed at a later date. The November 2011 caseload conference was the first time that the estimators had been made aware of the need for only three positions and that the three case workers are successfully accommodating the entire state supplement payment population. *The Governor recommends \$1,427 less from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**SSI Supplemental Payment Administration – Operations.** The Department requests \$0.3 million from general revenues or \$7,939 less than enacted for operational expenditures related to administering the state supplemental security income program for individuals whose income is too high to meet the eligibility criteria for the federal supplemental security income program. *The Governor recommends funding as requested.*

### **Veterans' Affairs**

**Veterans' Affairs – Staffing.** The Department requests \$22.1 million from all funds for salaries and benefits for 239.2 positions, including \$15.6 million from general revenues and \$6.5 million from federal funds. The request is \$0.3 million more than enacted, including \$0.4 million more from general revenues offset by \$40,044 less from federal funds. The request eliminates the authorization for 26.0 of the 35.0 new positions at the Veterans' Home, reclassifying them as seasonal positions. These positions are budgeted as seasonal positions in the enacted budget, but were inadvertently counted as full-time equivalent positions. The request assumes that the 9.0 new full-time equivalent positions and 26.0 seasonal nursing staff will begin March 1, 2012, consistent with the enacted budget.

The revised request also restores the associate director position that had been eliminated in the enacted budget and includes funding for about 13 fewer positions; there have been numerous staff members who have taken other available positions in the Home and changed shifts but the Department has not filled the vacancies in a timely manner in addition to delays in consolidating the wings for the planned renovations at the Home. The Department requests \$1.5 million more for overtime expenses, including \$1.3 million more from general revenues because of these staffing shortages and includes an increase in general revenue funding to restore some of the \$0.6 million assumed from the statewide reduction. The Department planned to advertise internally to fill nine nursing positions in November 2011; six positions were filled internally for a January 15 start, but the Department has not yet advertised the remaining three original or the six newly vacated positions, as of January 5, 2012.

*The Governor recommends \$0.6 million less than requested, including \$0.4 million less from general revenues. This includes \$0.1 million less to reflect the distribution of savings from the medical benefit holiday and the remainder from delays in filling the new positions until the final quarter of FY 2013. He reduces the authorization by an additional 9.0 positions and recommends overtime expenses as requested.*

**Veterans' Affairs – Medical and Operational Expenses.** The Department requests \$4.5 million from all sources for operating expenses at the Veterans' Home, including \$3.5 million from general revenues, \$20,000 from federal funds and \$1.0 million from restricted receipts. The request is \$0.2 million more than enacted, primarily from general revenues. The request restores the \$0.4 million from general revenues that was included as savings for contracted nurses because of delays in consolidating wings for planned renovations and filling vacant nursing positions. This is offset by reductions of \$0.1 million for linen and laundry services, \$0.1 million for various maintenance costs, and \$0.1 million for all other operating expenditures, including insurance.

*The Governor recommends \$112,479 more than requested, including \$389,120 less from general revenues from shifting the requested increase for contracted nursing pool expenses to restricted receipts. He does not recommend \$50,000 from restricted receipts for the purchase of new furniture and he includes \$27,940 more from federal funds available from statewide medical benefit savings for unidentified operating expenses.*

**Veterans' Cemetery.** The Department requests the enacted level of \$785,000 from all funds, including \$0.7 million from federal funds and \$85,000 from restricted receipts for capital costs at the Veterans' Cemetery. This includes \$0.7 million from a new grant from the National Cemetery Administration to improve the areas around the Memorial Circle and World War II Memorial at the Veterans' Cemetery in Exeter and \$85,000 for the purchase of four lawn mowers and two utility vehicles for maintenance services at the Veterans' Cemetery through the Memorial Fund.

*The Governor recommends \$700,000 less than requested for the National Cemetery Administration grant because the Department did not provide sufficient information regarding construction details of the project or a timeline of proposed improvements.*

**Veterans' Cemetery Columbarium.** The Department requests \$515,000 from federal funds available through the United States Department of Veterans Affairs for the construction of a new columbarium at the Veterans Memorial Cemetery in Exeter. This is the first year of a two-year project. The columbarium will contain 2,000 niches for families who select a cremation rather than a burial for their deceased. The cemetery currently has two columbaria. The first is full and the second had 240 available niches as of May 2011; approximately 270 niches are filled each year. Without the new columbarium, families will have no other option other than to bury the cremated remains of the deceased. *The Governor recommends funding as requested.*

**Veterans' Home Capital Projects.** The Department requests \$1.3 million from all sources, including \$0.2 million from federal funds and \$1.0 million from restricted receipts for capital projects at the Veterans' Home. This is \$0.1 million less than enacted from restricted receipts and is not consistent with the capital budget request. All projects are described in the Capital Budget Section of this publication. *The Governor recommends \$2.1 million more than requested, primarily from restricted receipts to fully fund the six requested projects in FY 2012, consistent with the capital budget request.*

### **Division of Elderly Affairs**

**Staffing.** The Department requests \$2.9 million from all sources, including \$0.6 million from general revenues for all salaries and benefits for 30.0 full-time equivalent positions for staffing at the Division of Elderly Affairs. This is \$23,420 less than enacted, including \$99,349 more from general revenues and \$122,769 less from federal funds for staffing costs. The request reflects turnover savings from a current vacancy, but restores the \$88,048 from general revenues that the 2011 Assembly had included

as savings from the merger with the Department of Human Services; no staffing efficiencies can be achieved at this time.

The division indicates that the general revenue funding for staffing acts as the match for federal grant funds and must be restored in order to obtain and maximize the federal grants; however, it has not yet indicated how much federal funds or which grants would not be obtained or maximized if the general revenues are not restored. The division also indicates that fewer federal Title III grant funds would be available for staffing expenditures in FY 2012 than anticipated, explaining the reduction from federal funds.

It is also worth noting that desk audits authorized by the previous Director of the Department of Elderly Affairs resulted in five position grade increases in FY 2011, which contributed to the need for additional funding in FY 2011 and FY 2012. These five individuals also receive step increases six months after their position upgrades, which are included in the revised request.

*The Governor recommends \$10,568 less than requested, including \$2,058 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Pharmaceutical Assistance to the Elderly.** The Department's revised request includes the enacted level of \$549,000, including \$374,000 from general revenues and \$175,000 from restricted receipts for the pharmaceutical assistance program for FY 2012. The request does not include the \$0.3 million in rebate funds that were carried forward from FY 2011; the Division indicates it intends to seek approval to spend the funds for other expenses that are directly related to pharmaceutical assistance and awareness, but has not indicated specifically what these would include. *The Governor recommends funding as requested.*

**Home Care Services.** The revised request includes the enacted level of \$2.6 million from all sources, including \$1.3 million from general revenues for the home care services program. The Department is projecting that it will pay for 161,598 hours of service in FY 2012, which is 15,024 hours more than paid for in FY 2010 and 28,636 hours less than paid for in FY 2011. *The Governor recommends funding as requested, but shifts \$79 from federal funds to general revenues, adjusting for the correct Medicaid match rate.*

**Adult Day Care Services.** The revised request includes the enacted level of \$2.2 million from all sources, including \$1.0 million from general revenues and \$1.2 million from federal funds for the adult day care services program. The Department is projecting that it will pay for 41,107 days of service in FY 2012, which is 3,101 days more than paid for in FY 2010 and 4,384 days less than paid for in FY 2011. *The Governor recommends funding as requested, but shifts \$66 from federal funds to general revenues, adjusting for the correct Medicaid match rate.*

**Case Management Services.** The revised request includes the enacted level of \$1.0 million from all sources, including \$0.4 million from general revenues and \$0.6 million from federal funds for elder case management. These services were previously funded only from state funds; however, the Department is now able to leverage Medicaid through the Rhode Island Consumer Choice Global Waiver. Case management programs assist older Rhode Islanders who wish remain at home as long as possible. *The Governor recommends funding as requested, but shifts \$15 from federal funds to general revenues, adjusting for the correct Medicaid match rate.*

**Home and Community Care Medicaid Waiver Services.** The revised request includes the enacted level of \$8.8 million from all sources, including \$4.2 million from general revenues and \$4.6 million

from federal funds for the provision of subsidized home and community care to low income elders through the home and community based waiver program. This program funds eligible individuals who are in either an assisted living facility or receiving home and community care services in their homes, though the individuals continue to need a nursing home level of care. *The Governor recommends funding as requested.*

**Title III B Older Americans Act Grants.** The revised request includes \$2.3 million or \$451,641 more than enacted for Older Americans Act Title III Part B funding. This represents additional carry forward funds from FY 2011; however, the division reported \$1.5 million in unspent grant funds from FY 2011, including \$1.4 million for direct grants and \$0.1 million for salaries and benefits.

These federal grants are used to support a variety of services and programs for seniors. Other services include case management, legal assistance, outreach, and community senior activities. It is important to note that the Department has consistently carried forward a large balance and is able to utilize these funds for otherwise general revenue funded expenses, such as salaries of staff members who provide direct services to elders.

The Division was spending its federal fiscal year 2010 grant through October 1, 2011 when it became eligible to begin spending its federal fiscal year 2012 grant award. The federal fiscal year 2011 grant award will be drawn down in increments of \$1.2 million over the next five fiscal years, with FY 2012 being the first year. The FY 2012 enacted budget includes the first installment and the revised request continues to include it. *The Governor recommends funding as requested.*

**Home Delivered Meals – Meals on Wheels.** The revised request includes \$0.3 million from federal funds for home delivered meals through the Rhode Island Meals on Wheels program. This is \$0.5 million more than enacted, primarily from billing delays in FY 2011 that have been paid in FY 2012. Meals on Wheels receives funding for home delivered meals as well as for the congregate meal sites and senior nutrition programs. *The Governor recommends funding as requested.*

**Nutrition Services – Congregate Meal Sites.** The revised request includes total expenditures of \$3.0 million from federal funds for congregate meal sites, reflecting funding of \$0.7 million carried forward from FY 2011. This funding provides for meal reimbursements to senior nutrition programs, funds for home delivered meals for seniors 60 or older and funds for over 75 congregate meals sites for seniors 60 or older through the Older Americans Act of 1965. *The Governor recommends funding as requested.*

**Medicare Outreach and Enrollment Assistance Grants.** The revised request includes the enacted level of \$155,708 from federal funds for Medicare Outreach and Enrollment Assistance grants. These grants are available through the Medicare Improvements for Patients and Providers Act. The purpose of these grants is to provide targeted outreach to clients who may be eligible for the Medicare Savings Program and the “Extra Help” program and who are not yet enrolled. These programs are for people with limited income and resources that pay some monthly premiums, annual deductibles, and prescription co-payments related to a Medicare prescription drug plan. *The Governor recommends funding as requested.*

**Aging and Disability Resource Center.** The Department requests \$233,350 more from federal funds to extend and expand its Aging and Disability Resource Center, locally known as the Point. This includes unspent grant funds carried forward from FY 2011 and the processing of claims delayed in FY 2011 from the transfer of the division into the Department of Human Services in addition to vendor-related delays. The Point’s goal is to provide information about and referral to a statewide network of

programs for seniors, adults with disabilities, and caregivers. *The Governor recommends funding as requested.*

**All Other Grants.** The Department's revised request includes \$2.4 million from all sources, including \$0.5 million from general revenues and \$1.9 million from federal funds for other grant awards. This is \$84,375 more than enacted, entirely from federal funds. The grant increases include \$33,482 for the senior Medicare patrol project, \$32,194 for health information and counseling and \$18,699 for disease prevention, based on revisions to projected expenses and revised carry forward balances from FY 2011. Other grants that remain consistent with the enacted level include family care giver support, Rhode Island respite, senior companion program, in-home services for the elderly, ombudsman and community agency grants. *The Governor recommends \$1 less than requested and shifts \$7,927 from federal funds to general revenues, adjusting for the correct Medicaid match rate.*

**Indirect Cost Recovery.** Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The Departments of Health, Elementary and Secondary Education and Environmental Management take advantage of this allowance to lower state general revenue costs. The Department requests the enacted savings of \$0.4 million from assuming an indirect cost recovery rate of not less than 5.0 percent and shifting the grant funded expenditures from federal to restricted sources consistent with current practice for accounting for indirect cost recovery resources. These savings were also included in FY 2010 and FY 2011; however, the Department did not achieve them.

The Department indicated it was included on a request for proposals put forth by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for a third party to examine if there is a more cost-effective manner to extract administrative funding from federal grant awards. However, this was issued while the Department was autonomous, not as a division of the Department of Human Services, so the status of the examination, in terms of Elderly Affairs, has not been determined. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$478,217 or \$4,275 less than enacted from all sources for all other operating expenses, including \$2,825 less from general revenues and \$1,450 less from federal funds. This includes adjustments primarily related to delays in purchasing computer equipment offset by mileage reimbursements for case workers traveling to elders within the state. It is worth noting that the Department spent \$255,901 on operating expenses in FY 2010 and \$300,475 in FY 2011. This requested expenditure reduction is in addition to the \$11,952 reduction by the 2011 Assembly to reflect savings from the merger with Human Services. *The Governor recommends \$21,588 less than enacted from federal funds, including \$1,626 for audit fees and savings of \$16,286 from funding available from statewide medical benefit savings for unidentified operating expenses.*

### **Other Programs**

**Child Support Enforcement – Staffing.** The request includes \$0.1 million less, including \$9,775 less from general revenues for total expenditures of \$4.6 million for 61.2 positions in child support enforcement. This includes \$43,368 less for overtime expenditures and assumes filling several vacant positions at lower pay grades. The request also includes restoration of some of the 3.0 percent statewide general revenue reduction, discussed earlier. *The Governor recommends \$17,457 less than requested, including \$5,935 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Project Restore.** The Department requests \$191,587, including \$9,488 from general revenues and

\$182,099 from federal funds, which is consistent with the enacted level, for Project Restore. For the FY 2011 closing, the Department indicated that \$33,700 from federal funds that were not spent in FY 2011 would be carried forward into FY 2012 and that the grant funding has to be spent by February 29, 2012. However, the revised request is consistent with the enacted budget and inadvertently omitted the federal carry forward funding or the required general revenue match of \$1,734.

The original grant award was for \$362,069 from federal funds with a 5.0 percent state match of \$18,103 for the 17-month period of November 2009 through March 2011. Because of purchasing and contracting delays, the Department was granted a one-year extension and grant funds must be spent by February 29, 2012.

The federal Restoring Opportunities in a Rough Economy grant, shortened by the Department to Project Restore, is intended to provide health education and other services to non-custodial parents who have historically paid their child support obligations, but due to job loss and/or foreclosure, can no longer do so. This project will also provide services to custodial parents who have been negatively impacted by the non-custodial parent's job loss.

*The Governor recommends funding as requested. According to the state's financial accounting system on February 9, 2012, the Department had not spent 21 percent of the enacted appropriation with three weeks of spending remaining; it appears that the Department will not need the carry forward funding that was inadvertently omitted from the request.*

**Child Support Enforcement Program - Other Operations.** The Department requests \$135,654 more, including \$76,005 more from general revenues and \$59,649 more from federal funds for all other operating expenses of the child support enforcement program. This includes restoring savings of \$246,000, including \$83,640 from general revenues that had been included in the enacted budget from substituting the use of constable services with regular mail when possible for notification of parties to appear at court. Even though the project was proposed by the Department in February 2011, approval from the Chief Judge of Family Court was not received until July and the mailing was not started until October 2011 because of system programming changes that needed to be in place prior to the first mailings. The judge will review the process after six months to determine if it will be permanent in April 2012. The Department did not include any savings in the revised request from this initiative, in case the Judge does not let the Department continue the initiative. The existing staff has been handling the mail duties related to this initiative, even though the Office maintains vacant positions; it may fill a position for this purpose if the initiative becomes permanent.

The request also includes \$108,614 less for the InRhodes eligibility and benefit payment system, \$17,925 less for the contract with Northrup Grumman for information technology support due to a recently revised state contract and \$15,231 less because of the signing of a new lease for energy efficient printers, offset by increases of \$31,424 for all other operating expenditures.

*The Governor recommends \$123,000 less than requested, including \$41,280 from general revenues from assuming the Department will achieve half of the estimated savings related to the utilization of the postal service instead of constables when possible. If the program is allowed to continue, the savings may be greater to reflect up to nine months of the initiative in FY 2012.*

**Women, Infants and Children Nutrition Program.** The Department requests \$26.0 million from federal funds for the Women, Infants and Children administration and benefits program. This is \$0.3 million less than enacted, including \$0.1 million more stimulus funds carried forward from FY 2011 for grants and \$0.4 million less from administrative funds. The administrative changes include \$46,206

more for salaries and benefits offset by reductions of \$87,000 for training, \$55,250 for grants, \$43,750 for computer equipment purchases, \$48,000 for printing expenses, \$22,500 for information technology and claims processing expenses, \$15,000 for medical supplies, and \$106,759 for all other operating expenditures, including various maintenance costs, security services and staff training.

*The Governor recommends \$42,126 more than requested. This includes \$37,826 more for staffing expenses, restoring unachievable statewide personnel savings included in the enacted budget and adds \$4,300 for funding available from statewide medical benefit savings for unidentified operating expenses.*

**Supplemental Nutrition Assistance Program - Benefits.** The Department requests the enacted level of \$298.3 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance program. The enacted level represents a 13.1 percent increase from FY 2011 benefit expenditures while the increase from FY 2010 to FY 2011 was 17.0 percent. The Department requests the enacted level based on year to date expenditures and the assumption that the number of recipients will remain constant, especially when about 15 percent of Rhode Islanders participate in the program already. However, the anticipated expiration of unemployment insurance benefits beginning in January 2012 will likely increase the number of applicants since often times the receipt of unemployment insurance benefits lifts a family above the income threshold for eligibility. *The Governor recommends funding as requested.*

**Supplemental Nutrition Assistance Program – Time-Limited Positions.** The Department requests \$84,089 more from federal funds for 22.0 positions, including 20.0 senior clerk typists and 2.0 clinical training specialists. The federal government provided funding for the state to hire additional staff through September 30, 2011 to handle the increasing number of program applications. However, the Department indicated that fewer positions were filled and for a shorter duration than anticipated, which allowed the Department to use the funds for administrative expenses, discussed in the other operations section. The Rhode Island state accounting system shows that through December 15, 2011, staffing expenditures totaled \$208,434, which is \$242,196 less than the revised request. *The Governor recommends \$2,846 less than requested to reflect the distribution of savings from the medical benefit holiday.*

**Supplemental Nutrition Assistance Program – All Other Staffing.** The Department requests \$10.9 million from all funds for salaries and benefits for all other staffing expenses, including \$5.4 million from both general revenues and federal funds. This is \$0.2 million less than enacted, including \$20,900 less from general revenues from maintaining an additional 3.3 vacant positions during the year and maximizing the full federal funding for the time-limited positions, discussed previously. It should be noted that the program has maintained numerous vacancies and that some of the 22.0 time-limited positions moved into vacant full-time positions after September 30, 2011. *The Governor recommends \$48,770 less, including \$24,385 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Supplemental Nutrition Assistance Program - Other Operations.** The Department requests \$7.2 million from all sources for all other operating expenditures related to the Supplemental Nutrition Assistance program, formerly called the food stamp program. The request is \$1.0 million more than enacted, including \$7,900 less from general revenues and \$1.0 million more from federal funds.

The request includes \$0.6 million from federal funding connected to the 22.0 time-limited positions, discussed earlier. There are no administrative expenses included in the enacted budget, only funding for staffing; however, the Department's revised request includes \$0.6 million for information technology and equipment upgrades to the machines that load the electronic benefit cards allowing for

greater automation and efficiency. The Department indicated that fewer positions were filled and for less time than anticipated, thus the Department was able to charge some administrative expenses to this federal account.

The remaining \$0.4 million increase from federal funds includes \$0.2 million for postage, \$0.1 million for benefit processing fees, and \$0.1 million from additional indirect cost recovery funds. These increases are offset by reductions of \$0.1 million for all other operating expenses, including interpreter services, utility and centralized state services, and travel-related expenses. *The Governor recommends \$2,846 more from federal funds available from statewide medical benefit savings for unidentified operating expenses.*

**HIV/AIDS.** The 2011 Assembly transferred the direct service programs related to HIV/AIDS from the Department of Health to the Department of Human Services, effective July 1, 2011. The enacted budget includes \$13.1 million, including \$2.6 million from general revenues and authorization for 4.0 positions. The revised request includes \$12.0 million, including \$2.6 million from general revenues and \$9.3 million from federal funds. The request is \$1.2 million less from federal funds than the enacted level.

The enacted budget did not specify which positions would be shifted to the Department of Human Services and includes more funding for the 4.0 positions than was necessary; the revised request includes \$0.4 million for these positions, which is \$0.8 million less than enacted. The revised request also includes \$1.8 million less for supportive services provided through various grant awards, shifting the expenses back to the Department of Health and \$0.2 million less for education services, offset by increases of \$1.4 million for pharmaceutical and \$0.2 million for claims processing expenses.

*The Governor recommends \$0.8 million more from federal funds. He adds \$0.4 million for grants, primarily for increased drug rebates, \$0.3 million for operating expenses, primarily for pharmaceuticals, \$0.1 million for 1.0 position transferred from the Department of Health, and he transfers \$0.1 million back to the Department of Health for contracts related to HIV prevention programs, since that is where they remain programmed.*

**Race to the Top.** In December 2011, the state was awarded \$50.0 million from federal Race to the Top funds to be used to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor recommends expenditures of \$1.9 million, including \$1.7 million for grant awards and \$0.2 million for operating expenses; he does not include funding or authorization for any full-time equivalent positions in FY 2012.*

**Special Education.** The Department's revised request includes the enacted level of \$25.3 million for the federal portion of special education expenditures, including benefits and administration expenses. The state match is provided by the local school districts. *The Governor recommends \$2.5 million less for benefits to reflect lower utilization, based on expenditures in the past several years. The FY 2008 through FY 2011 expenditures averaged \$22.1 million per year, including administrative expenses.*

**Paratransit Services for the Elderly.** The Department requests \$6.6 million from all sources for elderly transportation services, including \$1.9 million from general revenues, \$0.4 million from federal funds and \$4.3 million from the Department's one-cent share of the motor fuel tax. This is \$422,793 more than enacted from general revenues. The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; however, there has been an increase in the number of elderly riders who are not Medicaid eligible, therefore the Department requests

\$600,000 from general revenues to alleviate the shortfall. The request also inadvertently reduces the general revenue request by \$177,207, which represents the state's payment for transportation expenses for individuals who are Medicaid eligible.

The Department indicates that if the additional \$600,000 is not provided, it may have to limit the number of trips for elderly clients to medical services, increase co-pays or reduce or eliminate certain trips that are currently provided. There may be federal Title III B funding available within the division of elderly affairs that could be used for this purpose.

*The Governor recommends \$149,129 more than requested, including \$177,224 more from general revenues. He restores the \$177,207 inadvertently omitted and adds \$17 for the correct Medicaid match rate and reduces expenditures from the motor fuel tax by \$28,095 based on updated revenue estimates. The recommendation includes \$600,000 from general revenues for the increased utilization by elderly riders that are not Medicaid eligible, consistent with the request.*

**Community Services Block Grant.** The Department requests \$4.3 million from federal funds for expenses related to the community service block grant, including salaries and benefits. This is \$60,241 less than enacted for salary and benefit expenses, reflecting turnover savings from not filling a vacant position. The request includes the enacted level of \$4.3 million for direct grants awarded to the state's nine community action agencies and \$9,738 for operating expenditures. *The Governor recommends funding as requested.*

**Head Start.** The Department requests the enacted level of \$0.8 million from general revenues to support local head start agencies. Head Start is a federally funded program that provides services to 2,471 children, ages three to five years old, at eight locations throughout the state. The federal funds are appropriated directly to the agencies and the state provides additional funding. *The Governor recommends funding as requested.*

**Community Service Grants.** The Department requests \$3.4 million from general revenues to support over 120 social service agencies at community organizations throughout the state, including the grants that had formerly been part of the Department of Elderly Affairs. The revised request is \$300 more than enacted, which the Department indicates was an error. *The Governor recommends \$300 less than requested to include funding at the enacted level.*

**Community Health Centers.** The Department requests the enacted level of \$1.2 million, including \$0.6 million from both general revenues and federal funds to support uncompensated health care expenses at the state's 12 community health centers. The funding is distributed among the health centers that provide medical services at 24 clinics throughout Rhode Island. The state is able to leverage Medicaid for this activity through the global waiver. *The Governor shifts \$204 from federal funds to general revenues to adjust for the correct Medicaid match rate.*

**Crossroads Rhode Island.** The Department requests the enacted level of \$360,000 from general revenues to support activities provided by Crossroads Rhode Island, the largest homeless services organization in Rhode Island that provides 24-hour assistance, seven days a week. *The Governor recommends funding as requested.*

**Work Support Strategies Grant.** The Department requests \$40,553 less than enacted for the new work support strategies grant. The enacted budget includes \$250,000 from general revenues for a new one year grant from the Urban Institute, in addition to the corresponding revenue. The Department spent \$40,498 in FY 2011 for staffing, though no funding was included in the budget. The revised

request reduces FY 2012 expenditures by approximately the amount spent in FY 2011, with the intention that the remainder of the \$250,000 will be spent in FY 2012.

The purpose of the grant is to enable the state to assess its current operations and develop plans for testing new ways of doing business in an effort to provide more effective, streamlined and integrated approaches to delivering benefits to families. The Department will focus on supplemental nutrition assistance, Medicaid, child care, and Rhode Island Works programs. States that demonstrate an ability to execute their plans will compete for three-year implementation grants of up to \$500,000 per year. *The Governor recommends \$55 more to reflect all available grant funding.*

**Central Management – All Other Staffing.** The Department requests \$63,146 more than enacted. This includes \$46,120 more from general revenues and \$21,064 from restricted receipts for all other salary and benefit expenses in the central management program offset by \$4,038 less from federal funds. The request assumes filling several high-level positions during the final six months of FY 2012 and restores some of the statewide 3.0 percent general revenue reduction. *The Governor recommends \$6,481 less, including \$4,345 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Central Management - Other Operations.** The Department requests the enacted level of \$339,869 from all funds, including \$101,671 from general revenues for all other state operations in central management. The request includes the enacted funding of \$0.2 million from federal funds for the emergency food assistance program, \$50,000 from general revenues for legal expenses, and \$59,811 for all other operating expenses. *The Governor recommends \$40,364 less, including \$42,500 less from general revenues from shifting expenses for legal services to the Executive Office of Health and Human Services as legal services have been consolidated, and the contract is administered by the Office.*

**Individual and Family Support - All Other Staffing.** The Department requests \$0.2 million less than enacted, including \$61,160 more from general revenues and \$225,327 less from federal funds for total salary and benefit expenses of \$1.2 million for all other positions. The request shifts some federal funds to general revenues based on year to date cost allocations and also increases general revenues due to filling an information technology manager position, but also includes additional turnover savings. *The Governor recommends \$4,725 less, including \$652 from general revenues to reflect the distribution of savings from the medical benefit holiday.*

**Individual and Family Support - Other Operations.** The Department requests \$3.5 million, including \$0.2 million from general revenues, \$3.1 million from federal funds and \$0.2 million from restricted receipts for all other expenditures in the individual and family support program. The request is \$18,658 more than enacted, including \$1,992 less from general revenues and \$20,650 more from federal funds. *The Governor recommends \$4,073 more from federal funds available from statewide medical benefit savings for unidentified operating expenses.*

**Capital - Blind Vending Facilities.** The Department requests the enacted level of \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. *The Governor recommends funding as requested.*

## Dept. of Behavioral Healthcare, Developmental Disabilities & Hospitals

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 810,306	\$ 1,149,644	\$ 1,098,375	\$ 1,097,171
Services for the Dev. Disabled	243,431,512	212,682,316	213,547,978	213,774,702
Hosp. & Comm. System Support	3,011,927	4,370,866	5,020,894	6,048,927
Hospital & Comm. Rehab. Services	97,130,934	114,177,032	106,481,825	103,119,299
Behavioral Health	102,085,765	108,742,469	108,788,861	108,871,508
<b>Total</b>	<b>\$ 446,470,444</b>	<b>\$ 441,122,327</b>	<b>\$ 434,937,933</b>	<b>\$ 432,911,607</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 118,865,621	\$ 113,622,308	\$ 121,475,793	\$ 119,930,320
Contracted Services	1,303,368	1,148,793	1,660,771	1,584,448
<b>Subtotal</b>	<b>\$ 120,168,989</b>	<b>\$ 114,771,101</b>	<b>\$ 123,136,564</b>	<b>\$ 121,514,768</b>
Other State Operations	12,240,207	12,106,275	12,213,672	12,265,085
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	311,033,653	288,856,158	288,059,405	288,059,405
Capital	3,027,595	25,388,793	11,528,292	11,072,349
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 446,470,444</b>	<b>\$ 441,122,327</b>	<b>\$ 434,937,933</b>	<b>\$ 432,911,607</b>
<b>Sources of Funds</b>				
General Revenue	\$ 168,460,357	\$ 184,249,569	\$ 188,182,441	\$ 187,096,919
Federal Aid	267,186,525	225,489,947	229,499,798	228,999,437
Restricted Receipts	6,941,943	7,997,979	7,118,447	7,118,447
Other	3,881,619	23,384,832	10,137,247	9,696,804
<b>Total</b>	<b>\$ 446,470,444</b>	<b>\$ 441,122,327</b>	<b>\$ 434,937,933</b>	<b>\$ 432,911,607</b>
<b>FTE Authorization</b>	<b>1,372.2</b>	<b>1,376.2</b>	<b>1,383.2</b>	<b>1,383.2</b>
<b>FTE Average</b>	<b>1,215.9</b>			

**FY 2012 Revised Request.** The Department requests \$6.2 million less than enacted in its revised request including \$3.9 million more from general revenues, \$4.0 million more from federal funds, \$0.9 million less from restricted receipts and \$13.2 million less from Capital Plan funds. The Department includes 7.0 more positions than currently authorized. *The Governor recommends \$2.0 million less than requested from all sources, including \$1.1 million less from general revenues. He includes the requested staffing increase.*

**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 in FY 2012.

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 in FY 2012 are in the Department of Human Services, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and the Department of 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 in FY 2012.

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										

Department Populations – Medical Benefits and Other Programs. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ budget supports programs for the disabled including residential care for adults with developmental disabilities and behavioral health issues as well as inpatient and outpatient treatment services for those with behavioral health issues. The Department also operates the Eleanor Slater hospital system, the state’s only public hospital that provides long-term care services with the support of acute medical services. The 495 bed facility is a two-campus hospital that has acute care medical, psychiatric and respiratory units.

Medical benefits for these populations including doctor visits, prescriptions, rehabilitation services and community hospital stays are provided either through the Rhody Health managed care plans or on a fee-for-service basis through the Department of Human Services in FY 2012.

**Statewide Savings.** The enacted budget includes a three percent statewide reduction, two percent to personnel and one percent to operating costs, in the budgets of cabinet level agencies, elected officials, the Judiciary and Legislature. For the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, the statewide savings are \$1,816,015 from general revenues. The Department’s revised request adds general revenues because it cannot achieve the savings. *The Governor’s recommends funding as requested.*

**New Staffing.** The Department’s revised request includes seven new federally funded positions in the Division of Behavioral Health. A detailed discussion of the positions is included in that program’s section of the analysis. It should be noted that as of the January 14<sup>th</sup> payroll report, the Department has 157.4 vacant positions which would indicate that it is not necessary to raise the authorized cap since these are time limited, federally funded positions. *The Governor recommends the new positions.*

### **Division of Developmental Disabilities**

**Developmental Disabilities Programs.** The Department’s revised request includes \$213.5 million from all sources, of which \$98.7 million is from general revenues, for its programs to support adults with developmental disabilities. It includes \$2.3 million from Rhode Island Capital Plan funds for the

upkeep and maintenance of the group homes and day programming sites in the privately operated community based system. The Department's revised request is \$0.9 million more from all sources, including \$1.3 million from general revenues and backfills the assumed statewide personnel savings in the state-run system.

Funding through the Medicaid global waiver supports community based residential programs in the state-run system which is comprised of 31 homes, has a capacity to hold 234 patients and represents 7.0 percent of the residential caseload. Three of the 31 homes are considered special care facilities, since the homes allow and accommodate 24-hour care for special care patients and can serve as a transition from the hospital or nursing home back to a community setting. The private provider system is comprised of 339 homes, has a capacity to offer residential supports to 1,741 clients, and represents 93.0 percent of the residential caseload. In addition to the residential support, the state also provides funding for day programming, supported employment activities and family support services through a Medicaid waiver.

*The Governor recommends \$213.8 million which is \$1.1 million more than enacted and \$0.2 million more than requested from all sources. The request includes \$98.5 million from general revenues, \$1.2 million more than enacted and \$0.2 million less than requested.*

**Medicaid - Medical Benefits.** The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Developmental Disabilities will receive medical benefits including physician and rehabilitation services, pharmacy benefits and hospital stays that are paid for through the Department of Human Services' budget in FY 2012. In addition, approximately 66 percent of the developmentally disabled adults are eligible for Medicare because they are a dependent child of a Medicare recipient so they are considered to be dual eligible.

**Monthly Caseload Report.** Rhode Island General Law 22.1-22-39 requires that the Department submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, Budget Office and fiscal advisors by the 15th of each month. The report format is in any form required by the House and Senate fiscal advisors.

The Department submitted the November caseload information and is in the process of reporting its December caseload.

**Privately Operated Community Programs.** The Department requests \$167.2 million from all sources, including \$79.7 million from general revenues for programs operated through community based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. This is \$0.4 million less than enacted for projected program costs. The Department has notified providers that as of January 1, 2012 there will be an increase in the reimbursement rates since the billings up through December are below the anticipated expenses. This will add \$5.0 million to the rates without any adjustment to the current funding level for the program. *The Governor recommends funding as requested.*

**Project Sustainability Management Contract.** The Department requests \$606,360 from all sources to pay Burns and Associates to implement the administrative and reimbursement program changes under Project Sustainability. This is \$391,470 more than the enacted budget, including \$195,735 more from general revenues. The contract totals \$929,440 and \$625,320 was spent in FY 2011. *The Governor recommends funding as requested.*

**Project Sustainability Staff Training.** The Department's request adds \$150,876 in new general revenues to train its staff to implement the new supports intensity system under Project Sustainability. It is unclear why this is requested in the revised budget and was not part of last year's request since Project Sustainability was implemented July 1, 2011. The Department hired the American Association for Intellectual Disabilities for the training sessions that were held in June, July and August of 2011. *The Governor reduces the request by \$76,323 and includes \$74,553 in his revised budget for the training.*

**State Operated Group Home Closures.** The enacted budget assumes that the Department will close six state operated group homes in FY 2012. There were also savings from the anticipated consolidation as space became available. The Department reports that three were closed as of August 2011 and it is reviewing the possibility of closing a fourth home. The Department reports that the last two are not projected to close in FY 2012 so that it may offer placement for individuals who may not be able to access privately operated services during the transition into Project Sustainability. The budget assumes \$2.0 million in savings from all funds for overtime and staffing costs which the Department adds back, discussed in the next section. *The Governor recommends the funding as requested.*

**State Operated Program – Salaries and Benefits.** The Department requests \$1.8 million more from all sources, including \$1.2 million more from general revenues for salaries and benefits in its revised request. This includes \$1.5 million more in overtime, \$0.3 million more for salaries and benefits and \$0.2 million more for temporary employees. The enacted budget includes \$0.9 million in overtime costs, which is \$3.6 million less than FY 2011 and \$1.1 million less than the Department's constrained request for FY 2012. As noted the Department has closed three group homes but has not realized the full savings from closing six and continues to staff the three homes.

The Department inadvertently excluded holiday pay for the employees who work at the 24 hour state run group home and as a result its revised request is underfunded by \$0.5 million from all sources, including \$0.2 million from general revenues. *The Governor recommends \$152,199 less than requested, including \$64,883 less from general revenues and \$87,316 less from federal funds for the medical benefit holiday. He adds back the excluded holiday pay; however, offsets the adjustment by reducing the Department's request to fill positions. He also includes the requested increase in overtime.*

**State Operated Program – Operating Costs.** The Department requests \$0.3 million more from all sources for operating costs. It reduces general maintenance costs and vehicle repairs offset by \$0.2 million more for contracted nursing services to backfill the loss of staff nurses in the state run program.

*The Governor recommends \$87,316 more than requested from federal funds and inadvertently shifts the federal portion of the salary and benefit savings from the medical benefits holiday to support unidentified operating costs. Since all expenses are matched by Medicaid, this is an incorrect adjustment and is not matched by a corresponding general revenue increase.*

**Developmental Disabilities Day Programming – Rehabilitation Option.** The Department requests \$0.3 million less than enacted for total funding of \$1.1 million for day programming services provided through the Medicaid rehabilitation option. The option allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the criteria for these services through the primary developmental disabilities waiver. There are currently 140 individuals receiving services at an annual cost of \$7,826 per person. The Department spent \$1.3 million in FY 2010 and \$1.2 million in FY 2011 and the current request reflects updated program costs. *The Governor recommends funding as requested.*

**Other Medicaid Funded Services.** The Department requests \$1.8 million for other Medicaid funded services provided to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option because the client does not have a disability that is consistent with the federal Social Security Administration's definition of a disability. This is \$565 less than enacted and is consistent with FY 2010 spending, but is \$0.3 million more than FY 2011 spending. *The Governor recommends funding as requested.*

**Developmental Disability Other State Services.** The Department requests \$6.2 million for other state services for adults with developmental disabilities, including \$3.8 million from general revenues. This is \$15,073 more than enacted from all sources, including \$10,157 less from general revenues. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include one out-of-state placement, parent subsidies and day programming services. *The Governor recommends \$27,585 less than requested for the medical benefits holiday.*

**State Operated System Client Revenue.** The enacted budget includes \$2.0 million from restricted receipts to reflect the use of \$713.92 monthly supplemental security income payments made to clients in the state run developmental disabilities system to support their living costs, such as rent, food, utilities and other daily living expenses. The Department's request decreases this by \$0.2 million to accurately reflect the payments made to fewer residents in the state run program. *The Governor recommends funding as requested.*

### **Division of Behavioral Health**

The Department provides behavioral health services including mental health and substance abuse services to individuals who are Medicaid eligible as the result of a disability and receive supplemental security income payments through the Department of Human Services. Individuals who are not disabled through the federal program may receive services either through the global waiver or the state only programs.

**Medicaid - Medical Benefits.** The state provides subsidized medical benefits through the Medicaid program to certain populations if eligibility criteria are met. The populations include children and their parents, elderly and disabled. Medicaid eligible individuals enrolled in the residential, day and family support programs provided by the Division of Behavioral Health will receive medical benefits, including physician and rehabilitation services, pharmacy benefits and hospital stays paid for through the Department of Human Services' budget in FY 2012.

**Community Mental Health Treatment Services - Medicaid.** The Department requests \$62.1 million from all sources for mental health services provided through the Medicaid rehabilitation option, which allows the state to provide mental health treatment services that are otherwise not eligible under Medicaid. The request is \$2.2 million less from federal funds to adjust for the Medicaid rate; however, the request does not make a corresponding adjustment to general revenues. The revised request is \$1.0 million more than the FY 2011 final program expenses.

The enacted budget includes savings of \$12.7 million from general revenues from the state taking advantage of opportunities under federal health care reform. Through the Patient Protection and Affordable Health Care Act, states can choose to provide medical benefits including community based

mental health treatment services, through a new health home model with the federal government paying 90 percent of the costs of Medicaid funded services for two years. The Department has received the necessary federal approval from the Centers for Medicare and Medicaid Services to implement the program. *The Governor recommends funding as requested.*

**Community Substance Abuse Treatment Services - Medicaid.** The Department requests \$6.0 million from all sources for substance abuse services provided through the Medicaid rehabilitation option, which allows a state to provide substance abuse treatment services to Medicaid eligible individuals. This is \$1,898 less than enacted to adjust for the Medicaid rate. Substance abuse treatment services are not a mandated Medicaid benefit and Rhode Island chooses to provide the services through this option. The Department spent \$4.2 million in each FY 2010 and FY 2011 for the treatment services. It is in the process of providing the information as to why the request is at the enacted level instead of lower costs to be consistent with spending in the prior two fiscal years. *The Governor recommends funding as requested.*

**Other Community Mental Health Treatment Programs - Medicaid.** The Department requests \$7.0 million from all sources for other Medicaid funded community mental health treatment programs. This is \$33,763 more from all funds, including \$17,133 from general revenues. The Department spent \$5.0 million in FY 2011, which is \$2.0 million less than the revised request. The Department continues to assume the ability to leverage Medicaid through the global waiver. It is in the process of providing the information as to the number of clients receiving services, who is providing the services or the reason for the increase. *The Governor recommends funding as requested.*

**Other Substance Abuse Treatment Services – Medicaid.** The Department requests \$0.4 million more from all sources for total funding of \$3.5 million for other Medicaid funded substance abuse treatment services. This is \$0.2 million more from federal funds and from general revenues. The Department's FY 2011 final expenses were \$3.0 million and the Department is in the process of providing its projected caseload and an explanation for the increase to program expenses. *The Governor recommends funding as requested.*

**State Only Mental Health Treatment Services.** The Department requests \$1.2 million for state only mental health treatment services, which is \$0.6 million more than enacted. This is \$0.1 million more than FY 2011 spending to projected program costs from an increase in the number of individuals receiving services. Services support individuals who are not eligible for Medicaid but receive outpatient and residential treatment services. *The Governor recommends funding as requested.*

**State Only Substance Abuse Treatment Services.** The Department requests \$0.6 million less from general revenues for total funding of \$3.8 million for state only substance abuse treatment services in the revised request to reflect updated program costs. The Department spent \$4.5 million in FY 2011. *The Governor recommends funding as requested.*

**Community Medication Assistance Drug Expenses.** The Department requests \$1.3 million from all sources for drug expenses for the community medication assistance program based in its revised request. The final expenses were \$3.5 million in FY 2010 and \$1.6 million in FY 2011. *The Governor recommends funding as requested.*

**Methadone Maintenance Treatment Services.** The Department requests \$2.1 million from all sources for methadone maintenance treatment services matched by Medicaid under the global waiver, or \$657 less from federal funds to adjust for the Medicaid rate.

Methadone maintenance is an optional benefit for individuals who are Medicaid eligible which is part of the Rhode Island's State Medicaid plan. Expense for the treatment services appear in the Medicaid community based treatment services through the rehabilitation option services portion of this budget while transportation costs for these methadone maintenance clients are included in the Department of Human Services' budget. The Department supports approximately 2,200 clients who receive treatment through the state's rehabilitation option and through the global waiver. *The Governor recommends funding as requested.*

**Parolee Treatment Grant.** The Department requests \$165,000 more from federal funds for total funding of \$200,000 in the revised budget for the treatment grant. The Providence Center will receive the funding to provide assessment and treatment for parolees. *The Governor recommends funding as requested.*

**Tobacco Monitoring and Enforcement Grant.** The Department requests \$530,089 in new federal funds for a tobacco monitoring and enforcement grant awarded through the Food and Drug Administration. This includes \$205,766 for five new positions starting in January 2012. The Department will monitor and enforce certain provisions of the 2009 federal Tobacco Control Act and its resulting rules and regulations. The Department is required to conduct two visits a year to approximately 1,400 retail outlets. *The Governor recommends funding as requested.*

**State Epidemiological Outcome Workgroup Grant.** The Department requests \$239,000 in newly awarded federal funds for a state epidemiological outcome workgroup grant. Funding supports the coordination, conducting and dissemination of data on substance abuse, mental health and protective factors. Brown University has been awarded \$118,000 to evaluate the data. *The Governor recommends funding as requested.*

**Transformation Transfer Initiative Grant.** The Department requests \$254,000 in newly awarded federal funds for transformation transfer initiative grant for training and implementing the use of peer specialists in mental health treatment settings. The Rhode Island Community Mental Health Association has been awarded \$141,000 for the activities. *The Governor recommends funding as requested.*

**Social Services Block Grant - Mental Health Treatment Services.** The Department requests \$0.5 million more than enacted for total federal social services block grant funding of \$1.7 million in FY 2012 to support mental health services. Funding is awarded to the community mental health agencies and supports general outpatient and community support program activities for individuals who are not eligible for the services through the Medicaid rehabilitation option. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding other salary and benefit adjustments, the Department requests \$14,705 more from all sources for all other salary and benefit adjustments for 29.0 positions in the behavioral health programs. The Department shifts \$0.3 million in general revenue funded costs to federal funds. The Department adds two new federally funded positions for the access to recovery grant. *The Governor includes the new positions and recommends \$13,304 less than requested to reflect the medical benefits holiday.*

**All Other Operations.** The Department requests \$104,325 more than enacted including \$23,397 more from general revenues for all other program operations. This includes \$75,000 more for recovery support services offset by changes to several grants to reflect actual expenditures. *The Governor recommends \$17,768 less than requested and does not include the additional general revenues. He*

*does increase federal funds by \$5,269 to adjust for the availability of resources under several grant authorizations that is now available through savings from the medical benefits holiday.*

### **Eleanor Slater Hospital**

**Hospital Census.** The state hospital is a 495 bed licensed facility comprised of two campuses: 306 licensed beds at the main Pastore campus in Cranston of which 156 are occupied and 189 licensed beds of which 123 are occupied at the Zambarano unit in Burrillville. The FY 2012 enacted budget is based on a census of 279 patients.

**Hospital Licensing Fee.** The enacted budget includes \$6.0 million from all sources to pay the 5.43 percent fee assessed on state and community hospitals' gross patient services revenue for the hospital year ending September 30, 2010, including \$2.3 million from general revenues in FY 2011. The enacted budget assumes state hospital revenues of \$110.0 million for the 2010 hospital year, which is incorrect. The actual 2010 revenues are \$106.9 million for a licensing fee of \$5.8 million, \$0.2 million less than enacted and this correction is reflected in the Department's revised request. *The Governor recommends funding as requested.*

**Hospital Overtime Expenses.** The Department requests \$5.5 million more than enacted for total funding of \$7.9 million from all sources for overtime expenses. This includes \$2.7 million more from general revenues. The request is \$3.2 million less than FY 2010 actual expenses and \$3.1 million less than FY 2011 costs. The enacted budget assumed lower overtime costs from filling vacant positions which the Department is unable to do, resulting in additional overtime expenses. *The Governor recommends \$4,915 less than requested for overtime costs.*

**Hospital – All Other Staffing.** The Department requests \$1.0 million more from all sources, primarily from federal funds for all other staffing. The request adds back \$1.7 million to backfill a portion of the \$4.7 million in turnover savings included in the enacted budget equivalent to 28.5 vacant positions. The request would add back funding to support 10.0 positions at the state hospital. The revised request does not include any funding for holiday pay that is necessary at the state hospital which underfunds the revised request by \$0.8 million from all funds.

*The Governor includes \$0.3 million less than enacted and \$1.4 million less than requested from all sources. He adds back \$1.3 million to the request for holiday pay; however, he adjusts for this by continuing to keep 28.5 positions vacant at the state hospital for savings of \$1.7 million from all sources. He also includes the savings from the medical benefit holiday.*

**Hospital Administrative Restricted Receipts.** The enacted budget includes restricted receipts from all non-third party payor receipts, including Medicare collected on behalf of patients at Eleanor Slater Hospital totaling \$3.1 million. The Department's request is \$0.7 million less than enacted for updated reimbursements using a corrected method to calculate the third party reimbursements. This is \$0.2 million above the reimbursements received in FY 2011 but \$0.7 million below FY 2010. *The Governor recommends funding as requested.*

**Other Hospital Expenses.** The Department requests \$0.2 million more than enacted for all other hospital expenses, of which \$0.1 million is from general revenues. The request includes \$1.8 million less for operating expenses, including \$1.1 million less for medical supplies and \$0.4 million less for janitorial and other hospital supplies.

*The Governor recommends \$16,562 more than requested from all sources for all other expenses. He reduces general revenues by \$0.2 million for pharmaceutical expenses. This is offset by a \$0.2 million increase to federal funds for unidentified operating costs which appears to be an incorrect adjustment since all expenses are matched by Medicaid and there is no corresponding adjustment to general revenues.*

### **Hospital and Community Support**

**Indirect Cost Recovery Rate.** The enacted budget assumes salary and benefit savings of \$435,237 from general revenues in the hospital and community support program from the Department negotiating a federal indirect cost recovery rate that will offset state funded program costs. The Department continued to assume the savings but had not yet applied for the rate.

As of January 6, 2011, the Department has had two bidders reply to the request for proposals: one at \$30,000 and one at \$220,000. The Department estimates the cost to be \$150,000 and has requested a final bid offer with more details from both bidders. It should be noted that the Department of Health, the Departments of Environmental Management and Elementary and Secondary Education have approved indirect rates that did not require the assistance of an outside entity. *The Governor recommends funding as requested.*

**State Operations.** The Department requests \$35,265 less from general revenues for all hospital and community supports operations including salary and benefit adjustments to support 23.5 positions. *The Governor recommends \$18,528 less than requested to reflect the medical benefits holiday.*

### **Central Management**

**State Operations.** The Department reduced all central management operations by \$51,269 from general revenues. This includes \$58,887 less for salaries and benefits and \$7,060 more for contracted services. Changes to staffing costs include adding a position that was transferred from the Department of Health but leaving another position unfunded and reducing medical benefits for an individual who is choosing to waive it. The Department also adds back \$2,393 in legal services for arbitration hearings. *The Governor recommends \$1,204 less than requested for the medical benefits holiday.*

**Capital.** The Department requests \$13.7 million less from Rhode Island Capital Plan and Medicaid funds for various projects, outlined in the Capital Budget Section of this analysis. This includes shifting \$15.4 million in funding for the hospital consolidation plan to FY 2014. *The Governor recommends \$0.5 million less than requested.*



## Office of the Child Advocate

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 585,520	\$ 642,174	\$ 607,438	\$ 562,588
Contracted Services	-	-	-	-
<b>Subtotal</b>	<b>\$ 585,520</b>	<b>\$ 642,174</b>	<b>\$ 607,438</b>	<b>\$ 562,588</b>
Other State Operations	12,079	10,258	19,536	15,280
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	3,500	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 597,599</b>	<b>\$ 652,432</b>	<b>\$ 630,474</b>	<b>\$ 578,868</b>
<b>Sources of Funds</b>				
General Revenue	\$ 550,913	\$ 603,384	\$ 580,440	\$ 528,834
Federal Aid	46,686	49,048	50,034	50,034
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 597,599</b>	<b>\$ 652,432</b>	<b>\$ 630,474</b>	<b>\$ 578,868</b>
<b>FTE Authorization</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>
<b>FTE Average</b>	<b>5.8</b>			

**FY 2012 Revised Request.** The Office of the Child Advocate requests \$21,958 less than enacted, including \$22,944 less from general revenues and \$986 more from federal funds. It requests the enacted level of 5.8 positions.

*The Governor recommends \$73,564 less than enacted from all sources including \$74,550 less from general revenues and \$986 more from federal funds. The recommendation is \$51,606 less than the Office's request.*

**Salaries and Benefits.** The Office requests \$34,736 less than the enacted budget for all salaries and benefits; including \$36,023 less general revenues and \$1,287 more federal funds to reflect savings from a current vacancy that it plans to fill by December of FY 2011. The Office did not include the medical benefit holiday savings. *The Governor recommends \$79,586 less than enacted including \$80,620 less from general revenues and \$1,034 from federal funds. This is \$44,850 less than requested and reflects keeping the position vacant until April 2012 and the statewide medical savings.*

**Professional Development and Placement Review.** The Office requests \$9,500 more than enacted from general revenues for travel and professional development related trainings. This includes \$4,000 for professional development and conferences, \$1,500 for mileage relating to inspection of all residential and foster care facilities in the state and \$4,000 more than enacted for out-of-state placement review. According to the state statute, the Office is responsible for reviewing residential and hospital

placements in and out-of-state. The Office informed staff that there has not been a need for out-of-state placement review in the past. *The Governor recommends \$4,000 more than enacted which is \$5,500 less than requested which reflects increases for staff training and mileage consistent with historical expenditures.*

**Other Operating Expenses.** The Office requests \$3,278 more than enacted from all funds for other operating expenses. These expenses include \$5,200 for two new computers and a lease for a new copier and reductions in other operating expenses. *The Governor recommends \$2,022 more than enacted including \$2,070 more from general revenues and \$48 less from federal funds for one new computer and other operating costs. He does not include funds for a new copier or a second computer.*

## Commission on the Deaf and Hard of Hearing

	FY 2011		FY 2012		FY 2012	FY 2012
	Reported		Enacted		Rev. Req.	Revised
<b>Expenditures by Category</b>						
Salaries and Benefits	\$ 303,152	\$	330,855	\$	325,132	\$ 323,433
Contracted Services	46,833		48,950		48,950	49,400
<b>Subtotal</b>	<b>\$ 349,985</b>	<b>\$</b>	<b>379,805</b>	<b>\$</b>	<b>374,082</b>	<b>\$ 372,833</b>
Other State Operations	8,052		8,180		10,786	10,336
Aid to Local Units of Government	-		-		-	-
Assistance, Grants, and Benefits	-		-		-	-
Capital	-		-		3,117	3,117
Capital Debt Service	-		-		-	-
Operating Transfers	-		-		-	-
<b>Total</b>	<b>\$ 358,037</b>	<b>\$</b>	<b>387,985</b>	<b>\$</b>	<b>387,985</b>	<b>\$ 386,286</b>
<b>Sources of Funds</b>						
General Revenue	\$ 358,037	\$	387,985	\$	387,985	\$ 386,286
Federal Aid	-		-		-	-
Restricted Receipts	-		-		-	-
Other	-		-		-	-
<b>Total</b>	<b>\$ 358,037</b>	<b>\$</b>	<b>387,985</b>	<b>\$</b>	<b>387,985</b>	<b>\$ 386,286</b>
<b>FTE Authorization</b>	<b>3.0</b>		<b>3.0</b>		<b>3.0</b>	<b>3.0</b>
<b>FTE Average</b>	<b>3.0</b>					

**FY 2012 Revised Request.** The Commission's general revenue request is consistent with the enacted level of \$387,985; however, it shifts \$5,723 from salaries and benefits to operating expenses in order to pay for upgrades to computer systems and conferences. *The Governor recommends \$1,699 less than requested.*

**Salaries and Benefits.** The Commission requests \$5,723 less than the enacted budget for salary and benefit adjustments primarily to reflect the elimination of all future longevity payments and a one-time training bonus for the director. *The Governor recommends \$1,699 less than requested to reflect the medical benefit holiday savings.*

**New Computers and Software.** The Commission requests \$4,948 more from general revenues for new computers and software licenses. This includes \$3,117 for three new computers and monitors and \$2,331 for Adobe software in order to run programs that the Commission uses for video editing and video broadcasting. The Commission purchased these computers in the first quarter of FY 2012 using funds budgeted for longevity increases included in the enacted budget, but no longer allowed. *The Governor recommends funding as requested.*

**All Other Operating.** The Commission requests \$775 more from general revenues for all other operating costs including \$500 more for fees and materials for the Hearing Loss Association of America convention in Providence. This will be a national conference with over 1,500 attendees. The

Commission requests \$275 more from general revenues for all other expenses including office supplies. The request is consistent with expenditures in FY 2010 and FY 2011 for office supplies and other operations. *The Governor recommends funding as requested.*

## Governor's Commission on Disabilities

		FY 2011 Reported		FY 2012 Enacted		FY 2012 Rev. Req.		FY 2012 Revised
<b>Expenditures by Category</b>								
Salaries and Benefits	\$	347,048	\$	409,793	\$	409,119	\$	408,164
Contracted Services		30,499		9,652		6,953		6,747
<b>Subtotal</b>	<b>\$</b>	<b>377,547</b>	<b>\$</b>	<b>419,445</b>	<b>\$</b>	<b>416,072</b>	<b>\$</b>	<b>414,911</b>
Other State Operations		27,739		24,812		35,216		35,149
Aid to Local Units of Government		-		-		-		-
Assistance, Grants, and Benefits		67,349		133,754		67,894		67,894
Capital		118,680		251,881		470,881		253,881
Capital Debt Service		-		-		-		-
Operating Transfers		7,779				-		-
<b>Total</b>	<b>\$</b>	<b>599,094</b>	<b>\$</b>	<b>829,892</b>	<b>\$</b>	<b>990,063</b>	<b>\$</b>	<b>771,835</b>
<b>Sources of Funds</b>								
General Revenue	\$	383,029	\$	388,786	\$	389,157		387,929
Federal Aid		56,234		181,842		122,546		122,546
Restricted Receipts		8,432		9,264		11,360		11,360
Other Funds		151,399		250,000		467,000		250,000
<b>Total</b>	<b>\$</b>	<b>599,094</b>	<b>\$</b>	<b>829,892</b>	<b>\$</b>	<b>990,063</b>		<b>771,835</b>
<b>FTE Authorization</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>		<b>4.0</b>
<b>FTE Average</b>		<b>4.0</b>						

**FY 2012 Revised Request.** The Commission's revised request includes \$160,171 more than enacted from all sources, including \$371 more from general revenues, \$59,296 less from federal funds, \$2,096 less from restricted receipts and \$217,000 more from Rhode Island Capital Plan funds. It also includes the enacted level of full-time equivalent positions. *The Governor recommends \$771,835 which is \$58,057 less than enacted and \$218,228 less than requested.*

**Salaries and Benefits.** The Commission requests \$674 less than enacted from all sources for salaries and benefits, which is \$288 less from general revenues to reflect updated staffing costs including benefit rate changes. *The Governor recommends \$1,629 less than enacted including \$1,145 less from general revenues. This includes savings from the medical benefit holiday and other minor adjustments.*

**Other Operations.** The Commission requests \$56,155 less than enacted from all sources for all other operating expenses. This includes \$659 more from general revenues, \$58,910 less from federal funds, and \$96 less from restricted receipts. This primarily reflects a reduction to expected spending from federal Help America Vote Act funds to pay for voter education, transportation on election days, outreach mailings and polling place surveyors. The Commission indicates that redistricting delays have caused them to amend the original appropriation of \$123,404. The changes include the reinstatement of contracted cleaning services. *The Governor recommends \$273 less than requested to reflect medical benefit savings from non-general revenue sources being shifted to unidentified operating expenses.*

**Capital.** The Commission requests \$217,000 more than enacted from Rhode Island Capital Plan funds carried forward from FY 2011 for its accessibility project. The Commission spent \$33,000 from Rhode Island Capital Plan funds on accessibility projects in FY 2011. *The Governor recommends only the enacted level of \$250,000 from Rhode Island Capital Plan funds.*

## Office of the Mental Health Advocate

	FY 2011		FY 2012		FY 2012		FY 2012
	Reported		Enacted		Rev. Req.		Revised
<b>Expenditures by Category</b>							
Salaries and Benefits	\$ 386,897	\$	457,606	\$	449,937	\$	398,491
Contracted Services	1,272		1,800		3,600		3,600
<b>Subtotal</b>	<b>\$ 388,169</b>	<b>\$</b>	<b>459,406</b>	<b>\$</b>	<b>453,537</b>	<b>\$</b>	<b>402,091</b>
Other State Operations	11,669		9,312		12,055		11,081
Aid to Local Units of Government	-		-		-		-
Assistance, Grants, and Benefits	-		-		-		-
Capital	-		-		-		-
Capital Debt Service	-		-		-		-
Operating Transfers	-		-		-		-
<b>Total</b>	<b>\$ 399,838</b>	<b>\$</b>	<b>468,718</b>	<b>\$</b>	<b>465,592</b>	<b>\$</b>	<b>413,172</b>
<b>Sources of Funds</b>							
General Revenue	\$ 399,838	\$	468,718	\$	465,592	\$	413,172
Federal Aid	-		-		-		-
Restricted Receipts	-		-		-		-
Other	-		-		-		-
<b>Total</b>	<b>\$ 399,838</b>	<b>\$</b>	<b>468,718</b>	<b>\$</b>	<b>465,592</b>	<b>\$</b>	<b>413,172</b>
<b>FTE Authorization</b>	<b>3.7</b>		<b>3.7</b>		<b>3.7</b>		<b>3.7</b>
<b>FTE Average</b>	<b>3.4</b>						

**FY 2012 Revised Request.** The Office of the Mental Health Advocate requests \$3,126 less than enacted from general revenues for FY 2012 updated costs. This includes \$7,669 less for updated staffing costs and \$4,543 more for operating expenses. *The Governor recommends \$55,546 less than enacted and \$52,420 less than requested.*

**Salary and Benefit Adjustments.** The Office requests \$7,669 less for updated salary and benefit expenses to fully fund 3.7 positions. This includes filling a vacant attorney position at an entry level salary and providing medical benefits. As of the January 28<sup>th</sup> payroll report the 0.7 position remains vacant. *The Governor reduces requested salary and benefit expenses by \$49,720 to reflect keeping the position vacant until April 2012 and includes \$1,746 for the distribution of the medical benefit holiday savings.*

**Operating Expenses.** The Office requests \$4,543 more than enacted for operating expenses. It adds \$1,800 for transcriptions services for two Supreme Court appeals that involve the Mental Health Advocate's office. The request backfills the operating savings of \$2,750 offered in the Office's FY 2012 request. It now reports this underfunds its operating costs. It also includes \$975 more for updated mileage reimbursement, parking and toll expenses. *The Governor reduces the request by \$974; he does not recommend adding general revenues for parking and mileage reimbursement.*



## Department of Elementary and Secondary Education

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
State Aid	\$ 655,542,449	\$ 643,245,863	\$ 642,926,960	\$ 642,952,658
School Housing Aid	67,976,514	72,507,180	69,776,010	69,776,010
Teachers' Retirement	70,286,261	81,635,719	84,032,293	84,113,207
RI School for the Deaf	6,648,060	6,816,209	7,168,306	7,183,194
Central Falls School District	39,999,119	40,434,840	39,161,820	39,161,820
Davies Career & Technical School	17,721,797	17,771,803	19,270,956	19,260,376
Met School	12,630,825	13,642,563	15,560,326	14,575,768
Administration	257,825,329	257,830,174	272,882,480	275,146,663
<b>Total</b>	<b>\$1,128,630,354</b>	<b>\$1,133,884,351</b>	<b>\$1,150,779,151</b>	<b>\$1,152,169,696</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 34,733,663	\$ 38,630,606	\$ 38,191,776	\$ 39,010,803
Contracted Services	30,877,397	45,393,776	56,376,983	57,193,249
<b>Subtotal</b>	<b>\$ 65,611,060</b>	<b>\$ 84,024,382</b>	<b>\$ 94,568,759</b>	<b>\$ 96,204,052</b>
Other State Operations	10,728,104	11,481,786	12,010,820	12,375,173
Aid to Local Units of Government	1,033,177,750	1,009,034,735	1,014,763,960	1,015,109,322
Assistance, Grants, and Benefits	16,455,141	22,945,222	18,908,020	18,908,020
Capital	2,658,299	6,398,226	10,527,592	9,573,129
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$1,128,630,354</b>	<b>\$1,133,884,351</b>	<b>\$1,150,779,151</b>	<b>\$1,152,169,696</b>
<b>Sources of Funds</b>				
General Revenue	\$ 846,144,631	\$ 863,077,600	\$ 862,743,004	\$ 862,751,244
Federal Aid	259,873,651	238,146,015	250,428,556	252,818,424
Restricted Receipts	19,581,873	26,334,421	27,031,218	27,031,218
Other	3,030,199	6,326,315	10,576,373	9,568,810
<b>Total</b>	<b>\$1,128,630,354</b>	<b>\$1,133,884,351</b>	<b>\$1,150,779,151</b>	<b>\$1,152,169,696</b>
<b>FTE Authorization</b>				
Administration	156.4	156.4	156.4	169.4
Davies	132.0	132.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>348.4</b>	<b>348.4</b>	<b>342.4</b>	<b>355.4</b>
<b>FTE Average</b>	<b>305.9</b>			

**FY 2012 Revised Request.** The Board of Regents requests an additional \$16.9 million of spending for FY 2012, including \$0.3 million less from general revenues. The general revenue changes include \$2.7 million less in school housing aid offset by an additional \$2.4 million for the state's share of teacher retirement costs. The request also includes \$12.3 million more from federal funds, largely due to Education Jobs funds and Race to the Top funds, \$4.3 million more from other funds and \$0.7 million more from restricted receipts for the statewide transportation system. The Regents also request

authorization for 342.4 full-time equivalent positions, which is 6.0 less than enacted to reflect 6.0 federally funded school-based coordinator positions that were transferred from Davies to local districts.

*The Governor recommends \$0.3 million less from general revenues than enacted and \$8,240 more than requested. This includes an additional \$25,698 to fund textbook reimbursements based on actual expenses. He recommends an additional 13.0 federally funded positions to work on a newly awarded Race to the Top Early Childhood grant offset by the elimination of 6.0 school-based coordinator positions at the Davies Career and Technical School as requested.*

**School Housing Aid.** Final FY 2012 school construction aid is \$2.7 million less than the enacted level of \$72.5 million. Reimbursement cannot begin until a project is completed, and several districts did not complete their new projects by June 30, 2011 in order to be eligible for reimbursement to begin in FY 2012. The Department indicates that several districts are delaying projects in order to qualify for the increased state minimum share ratio enacted by the 2010 Assembly as part of the education funding formula.

The education funding formula adopted by the 2010 Assembly includes a two-year phased increase in the state's minimum housing aid participation to provide that no local receives less than a 40 percent state reimbursement by FY 2013 for projects completed after June 30, 2011. *The Governor recommends funding as requested.*

**Teacher Retirement.** The Regents request an additional \$2.4 million for the state's share of teacher retirement costs. The increase results from revisions to teacher payroll base assumptions. The FY 2012 budget was based on FY 2010 wages with a 2.0 percent growth assumption. The FY 2012 revised estimate is based on FY 2011 wages with a 2.0 percent growth assumption. *The Governor includes the requested increase and adds \$80,914 based on updated payroll data.*

**Early Childhood Categorical Funding.** The Regents' budget includes a \$150,000 grant from the Rhode Island Foundation for early childhood education programs. 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. Funding for the early childhood education programs were used to increase access to voluntary, free, high-quality pre-kindergarten programs. This pilot program began in FY 2010 with \$700,000. The Assembly did not fund this program for FY 2012 and removed the \$700,000.

This grant is being treated as a restricted receipt. It should be noted that there is currently no statutory authority for this account; however, the Department is also requesting a budget article that would create this restricted receipt account.

*The Governor recommends funding as requested and recommends legislation creating a restricted receipt account to receive these funds and exempt them from the state's 10.0 percent indirect cost recovery.*

**Statewide Student Transportation.** The Regents' request includes an additional \$0.6 million from restricted receipts for the statewide transportation system. The increase reflects a contract increase of 4.0 percent along with an increase in districts served and the corresponding increase in number of buses. It should be noted that FY 2012 represents the final year of a three year implementation of the out-of-district phase-in with both Providence and Pawtucket having joined the program during FY 2012. *The Governor recommends funding as requested.*

**State Fiscal Stabilization Funds.** The revised budget request includes \$2.8 million from state fiscal stabilization funds for FY 2012. This includes local school districts, the Metropolitan Career and Technical School, the Central Falls School District, the Davies Career and Technical School and the School for the Deaf. This is \$2.0 million less than enacted and represents remaining available funds. Local districts have until September 30, 2011 to obligate their funds. *The Governor recommends funding as requested.*

**Race to the Top – Early Childhood.** In December 2011, the state was awarded \$50.0 million to be used to improve education for pre-school students. This grant will involve multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years. *The Governor recommends \$1.8 million for FY 2012 and 13.0 new positions.*

**Race To The Top.** The Regents request \$22.6 million for education reforms funded by the Race to the Top grant. This is \$2.3 million more than enacted. The Department's total award of \$75.0 million will be spent from FY 2011 through FY 2014. A requirement of the award is that 50.0 percent of funds be used directly for work in local districts; most of the remaining funds will be used for consultants and 22.0 full-time equivalent positions. These personnel will include transformation specialists, multiple pathway specialists, data managers/analysts, grants management, and clerical support. As of December 2011, 17.0 of the 22.0 positions have been filled. *The Governor recommends funding as requested.*

**Education Jobs Fund.** The Regents request authorization to spend \$15.4 million from federal Education Jobs funds for FY 2012 which is \$10.3 million more than enacted. The state has been awarded \$32.9 million in federal Education Jobs funds to retain and rehire school-based personnel in local education agencies. Funding was distributed to districts based on their share of FY 2011 enacted state aid. The money can only be used for compensation costs for school-based personnel. The FY 2012 enacted education aid budget uses \$32.0 million from federal Education Jobs funds that appear in the FY 2011 budget in lieu of a like amount from general revenue. While the funding appeared in the FY 2011 budget, it was for use in FY 2011 and FY 2012. *The Governor recommends \$1,248 more than requested.*

**Permanent School Fund.** The enacted budget includes \$0.2 million from the Permanent School Fund for the Central Falls School District. This is money received into the Permanent School Fund from duties paid to the state by auctioneers. The revised request proposes to eliminate the permanent school fund allocation to only the Central Falls School District and use it for education aid so that other persistently lowest achieving districts, including Central Falls, can make use of the funding. The Department has indicated that Central Falls' education aid should only be determined through funding formula calculations like other districts. *The Governor recommends funding as requested.*

**Education Telecommunications Access Fund.** The Department's request includes a decrease of \$0.3 million from restricted receipts from the education telecommunications access fund to reflect estimated available funds. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line. *The Governor recommends funding as requested.*

**Stimulus Grants.** The FY 2012 revised request includes an additional \$1.5 million from federal stimulus funds for distribution to local school districts including Title I and special education funds. This represents carry-forward funds from FY 2011. In addition to the state fiscal stabilization funds, the American Recovery and Reinvestment Act of 2009 provided relief to local schools through Title I and special education through the Individuals with Disabilities Education Act program and other education related federal stimulus funds for competitive grants to local schools and use by the

Department for technology and other school improvements. All funds must be encumbered by September 30, 2012. *The Governor recommends funding as requested.*

**Nutrition Grants.** The Regents request authorization to spend \$45.4 million from federal nutrition program funds. This is \$0.8 million less than the enacted level to reflect a decrease in meal participation estimates compared to the enacted budget. *The Governor recommends funding as requested.*

**Special Education Grants.** The Regents request authorization to spend \$44.6 million from federal special education funds, \$0.6 million more than enacted, to reflect available carry forward funds. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommends funding as requested.*

**Title I Grants.** The Regents request \$51.1 million in revised federal fund expenditures from Title I funds. This is \$1.1 million less than enacted for FY 2012 to account for less available funding from the federal government. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. *The Governor recommends funding as requested.*

**Vocational Education Grants.** The Regents request \$6.6 million from federal vocational education grants for FY 2012. This is \$0.7 million more than the enacted level to reflect available carry forward funds from previous years. These funds are used to improve vocational educational programs throughout the state. *The Governor recommends funding as requested.*

**Teacher Quality Grants.** The Regents request \$14.6 million from federal funds that support teacher quality and professional development. This is \$1.8 million less than enacted to account for a reduction in available federal funds. *The Governor recommends funding as requested.*

**Salaries and Benefits.** The Regents request \$19.1 million for salaries and benefits for the Department's 156.4 administration positions. This is \$33,538 more than enacted and includes the enacted level from general revenues. The FY 2012 enacted budget includes turnover savings of roughly \$350,000. The Department was able to achieve the turnover savings through delayed hiring of certain positions, shifting some general revenue expenditures to other funding sources, and hiring positions at lower salaries than assumed in the enacted budget.

Additionally, the Department's request does not reflect \$33,000 in medical benefits savings that were centrally budgeted in the Department of Administration's budget. *The Governor's budget is \$8,988 more than requested including \$32,681 less from general revenues to adjust for the medical benefits savings.*

**Grants and Programming Revisions.** The Regents request adjustments in federal and restricted receipts producing an increase of \$2.2 million from federal funds. General revenues are at the enacted level. Federal funds changes reflect adjustments for actual grant awards.

*The Governor's recommendation is \$0.5 million more than requested primarily to reflect additional federal funds to support data systems and new federal funding to support the Partnership for Assessment of Readiness for College and Careers. This 26 state partnership is working to design an assessment system aligned to common core state standards in English language arts and math. Rhode Island is one of 11 governing states that are leading this effort.*

**Met School Capital Projects.** The Regents request an additional \$1.9 million from Rhode Island Capital Plan funds for FY 2012. This includes an additional \$0.4 million for an entrepreneurial center at the Providence campus, \$0.8 million for a new HVAC project, \$150,000 for asset protection projects and \$0.5 million for the East Bay campus.

The \$0.4 million from Rhode Island Capital Plan funds for the entrepreneurial center would be used in addition to \$0.8 million from approved general obligation bond proceeds at the Providence Public Street campus. The Department indicates that the lowest bid for the construction of the entrepreneurial center was \$1,138,000, which exceeds the amount available from bond funds by \$422,125. This is the same as the FY 2012 request, but the Assembly did not approve it.

*The Governor recommends \$0.9 million more than enacted, which is \$1.0 million less than requested. He does not recommend the \$0.8 million requested for the new HVAC project or the \$150,000 requested for asset protection projects.*

**Other Capital Projects.** The Regents' request includes an additional \$1.1 million from Rhode Island Capital Plan funds for FY 2012 for the Department's other capital projects. This includes an additional \$0.7 million for the East Providence career and technical center, \$0.3 million for the Warwick center and \$0.1 million for the Newport Center. The state is making significant repairs and renovations at the career and technical centers for the districts to consider taking ownership of the facilities.

*The Governor's recommendation is \$12,025 less for the East Providence project and \$400 less for the Newport project based on anticipated expenditures.*

**Davies Career and Technical School.** The Regents request an additional \$1.5 million from all funds for FY 2012, the majority of which, \$1.2 million is from Rhode Island Capital Plan funds. This includes an additional \$1.1 million for the roof project and \$0.3 million for asset protection projects offset by \$0.3 million less for the HVAC project.

General revenues are at the enacted level; however, the Department's request does not reflect \$46,443 in centrally budgeted medical benefits savings that the school will achieve.

It also should be noted that the enacted budget includes the \$280,000 in expenditures for the breakfast and lunch program as a general revenue expense that will now be shown as a restricted receipt. Because the school is now funded through the education funding formula, it gets a single state allocation for the year. Any savings in one area would be directed to other line items.

The request also eliminates 6.0 full-time equivalent positions to reflect the 6.0 school-based coordinators that were transferred to the districts during FY 2011. These positions were funded from federal Perkins grant funding and were state employees. The employees are now district employees. *The Governor recommends \$10,580 less Rhode Island Capital Plan funds than requested based on revisions to two projects.*

**Rhode Island School for the Deaf.** The Regents request \$0.2 million more for the School for the Deaf for FY 2012. This includes the enacted amount from general revenues. The Department's request does not reflect \$22,950 in centrally budgeted medical benefits savings that the school will achieve.

Federal funds are \$0.4 million more than enacted and the Regents include \$0.1 million less from restricted receipts for the fee for service model established at the beginning of FY 2010. The FY 2012 budget assumed \$90,000 in restricted receipt expenditures supported by rental income. The budget also

reduced general revenue expenditures by \$67,500 to partially offset operating expenditures using rental income. The revised request eliminates the \$90,000 as the school is not renting the space; it does not request the restoration of the \$67,500 from general revenues. *The Governor recommends \$14,888 more than requested including \$21,456 less from general revenues to reflect the medical benefit savings.*

## Board of Governors for Higher Education

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Board of Governors/Higher Ed.	\$ 9,788,513	\$ 10,729,306	\$ 11,432,786	\$ 11,425,012
University of Rhode Island	660,215,164	692,643,311	703,517,394	705,062,600
Rhode Island College	154,161,102	155,532,189	167,571,024	169,452,812
Community College of RI	141,126,119	137,940,036	145,369,867	145,233,062
<b>Total</b>	<b>\$ 965,290,898</b>	<b>\$ 996,844,842</b>	<b>\$1,027,891,071</b>	<b>\$1,031,173,486</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 441,582,879	\$ 428,035,402	\$ 441,445,698	\$ 439,695,890
Contracted Services	-	18,508,752	20,863,615	20,863,615
<b>Subtotal</b>	<b>\$ 441,582,879</b>	<b>\$ 446,544,154</b>	<b>\$ 462,309,313</b>	<b>\$ 460,559,505</b>
Other State Operations	188,286,937	201,701,417	191,260,920	192,125,398
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	255,628,993	271,490,585	276,139,942	276,139,942
Capital	39,011,965	33,251,140	54,760,510	57,698,609
Capital Debt Service	40,780,124	41,317,141	41,287,468	44,579,254
Operating Transfers	-	2,540,405	2,132,918	70,778
<b>Total</b>	<b>\$ 965,290,898</b>	<b>\$ 996,844,842</b>	<b>\$1,027,891,071</b>	<b>\$1,031,173,486</b>
<b>Sources of Funds</b>				
General Revenue	\$ 162,325,815	\$ 166,487,219	\$ 166,487,219	\$ 165,654,006
Federal Aid	7,396,006	4,594,756	35,502,477	35,502,477
Restricted Receipts	660,509	941,338	810,264	810,264
Other Funds	794,908,568	824,821,529	825,091,111	829,206,739
<b>Total</b>	<b>\$ 965,290,898</b>	<b>\$ 996,844,842</b>	<b>\$1,027,891,071</b>	<b>\$1,031,173,486</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 544,448,204	\$ 558,726,857	\$ 569,321,391	\$ 567,930,534
Restricted Use Funds	420,842,694	438,117,985	458,569,680	463,242,952
<b>Total</b>	<b>\$ 965,290,898</b>	<b>\$ 996,844,842</b>	<b>\$1,027,891,071</b>	<b>\$1,031,173,486</b>
<b>FTE Authorization</b>	<b>3,417.1</b>	<b>3,438.4</b>	<b>3,438.4</b>	<b>3,438.8</b>
<i>Limited to Third Party Funds</i>	<i>785.0</i>	<i>776.2</i>	<i>776.2</i>	<i>776.2</i>
<b>Total Authorized Positions</b>	<b>4,202.1</b>	<b>4,214.6</b>	<b>4,214.6</b>	<b>4,215.0</b>
<b>FTE Average</b>	<b>3,867.3</b>			

**FY 2012 Revised Request.** The Board of Governors' revised request is \$1,027.9 million, which is \$31.0 million more than the FY 2012 enacted level. This includes the enacted level of general revenues, \$10.6 million more in expenditures from tuition and fee revenues, and \$20.5 million more from restricted sources. The request includes the enacted authorization of 4,214.6 full-time employees.

It should be noted that the University, College and Community College have encumbered all remaining federal state fiscal stabilization funds and has been granted the authority for an extension for funds that

were obligated by September 30, 2011. The request will extend the deadline from January 3, 2012 to June 30, 2012 and allow the institution to complete all fire safety upgrades. The Rhode Island Office of Economic Recovery indicates that the federal government allowed the University, College and Community College to file this request. The FY 2012 enacted budget did not include funding for federal fiscal stabilization funds due to the expectation of safety projects being completed in FY 2011.

The enacted budget includes \$3.0 million in general revenue savings from a one-time medical benefit holiday in FY 2012. The request assumes the distribution of the savings; however, the Department does not include its portion of the savings, which the Budget Office indicates is \$253,515.

*The Governor recommends \$34.3 million more than enacted from all sources, which is \$3.3 million more than requested. His revised budget includes \$0.8 million less general revenues than enacted and requested. The Governor recommends 4,215.0 full-time equivalent positions, which is 0.4 positions more than requested.*

### **Unrestricted Source Expenditures**

The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead.

**Office of Higher Education.** The revised budget includes the enacted level of general revenues; however, the Office reduced operating expenditures by \$10,500 and contracted services by \$66,892 in order to increase salaries and benefits by \$25,262, Shepard Building operations by \$30,086 and the Dual Enrollment program by \$21,841. Contracted services are consistent with FY 2011 final expenditures and operating expenses are \$19,092 more. The revised request includes turnover savings equal to 1.0 position, consistent with the FY 2012 enacted budget. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms. The Office had 10.0 of its 13.4 positions filled as of the January 12, 2012 pay period. *The Governor recommends \$7,774 less from general revenues to reflect the medical holiday savings distribution.*

**University of Rhode Island.** The University requests \$350.7 million, \$7.8 million more than enacted from tuition and fees including the enacted level of general revenues. At the May 2, 2011 Board of Governors' for Higher Education meeting, the Board approved tuition raises for in-state students by \$810 and out-of-state by \$192. However, the University's FY 2012 budget request, upon which the enacted budget is based included no tuition increases.

The increases are mostly in student aid and salaries and benefits. The University reduced general operating expenditures including utilities. The enacted budget includes \$11.6 million for utility expenditures based on a University estimate provided a year earlier; the request for \$8.0 million reflects current estimates. The University spent \$8.7 million in FY 2011 and \$7.3 million in FY 2010.

The University requests \$11.4 million more for salaries and benefits of which \$5.6 million is reduced turnover. The FY 2012 enacted budget assumes \$7.7 million in turnover savings; the revised allocation includes \$2.1 million. Of the 1,843.3 authorized positions, the University had 19.5 vacant positions as of the January 12, 2012 pay period. In addition, the University assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms.

The University is projecting FY 2012 revised enrollment of 14,818, which is an increase of 175 students; 170 in-state students and 5 out-of-state students from the FY 2012 enacted budget.

*The Governor recommends \$0.9 million more from general revenues than requested for new debt service for the chemistry building project that is funded from general obligation bonds issued during the summer. He also includes \$0.1 million to reflect the medical holiday savings distribution.*

**Rhode Island College.** The College requests \$111.9 million, \$2.8 million more than enacted from tuition and fees including the enacted level of general revenues. The \$2.8 million increase is from tuition revenues. At the May 2, 2011 Board of Governors' for Higher Education meeting, the Board approved tuition raises for in-state students by \$282 and out-of-state by \$676. However, the College's FY 2012 budget request, upon which the enacted budget is based, included no tuition increases.

The College requests \$3.5 million more for salaries and benefits of which \$4.1 million is reduced turnover. Most of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms. In addition, the College assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Of the 827.6 authorized positions, the College had 37.3 vacant positions as of the January 12, 2012 pay period.

The College is projecting FY 2012 revised enrollment to be consistent with the FY 2012 enacted budget. *The Governor recommends \$1.6 million less from general revenues to reflect adjustments to debt service expenditures and \$0.1 million for the medical holiday savings distribution.*

**Community College of Rhode Island.** The Community College requests \$100.6 million, consistent with the FY 2012 enacted budget for unrestricted expenditures. The Community College requests \$2.0 million more for salaries and benefits of which \$2.1 million is reduced turnover. All of the current contracts expired on June 30, 2010 and were extended for one-year under the current employee terms. In addition, the College assumes a cost-of-living adjustment pending the outcome of contract negotiations, but because contract negotiations are ongoing, it uses an unidentified amount as a placeholder. Of the 754.1 authorized positions, the Community College had 75.2 vacant positions as of the January 12, 2012 pay period.

Capital improvements reflect an increase of \$1.6 million for the Warwick theater renovations, biology labs and costs associated with fire safety projects that were either over the amount of federal funding or unallowable under federal funds in FY 2012. Renovations to the Warwick theater and biology labs are in the planning and development stage. These additional costs are offset by the decrease in building supplies, maintenance and repairs and utilities to be more reflective of the actual experience.

The Community College is projecting FY 2012 revised enrollment to be consistent with the FY 2012 enacted budget. The Community College raised fees for in-state and out-of-state by \$24 from FY 2011 to FY 2012. *The Governor recommends \$136,805 less from general revenues for the medical holiday savings distribution.*

### **Restricted Source Expenditures**

The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds, and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use.

## Office of Higher Education

**College Access Challenge Grant.** The revised restricted budget includes \$1.5 million for the College Access Challenge Grant, which is \$0.7 million more than the enacted budget to reflect a delay in the work that caused funds to be carried forward. During the summer of FY 2011, the Office of Higher Education was notified it would be awarded a federal College Access Challenge Grant. The grant is intended to increase the number of low-income students who are prepared to enter post-secondary education. *The Governor recommends funding as requested.*

**All Other Restricted Sources.** The revised restricted budget includes \$7,865 more for all other restricted sources expenditures. This includes revisions to several grants administered by the Office. *The Governor recommends funding as requested.*

## University of Rhode Island

**Personnel and Operations.** The revised restricted request includes \$307.0 million for personnel and operating expenses, which is \$4.1 million less than enacted. This includes a decrease of \$5.3 million in sponsored contract research offset by increases in housing and residential life and dining services. *The Governor recommends funding as requested.*

**Capital.** The revised budget request includes \$30.0 million, which is \$7.2 million or 24.1 percent more than the enacted budget. The majority of the increase is from federal state fiscal stabilization funds for fire safety projects at the University's academic buildings. Housing and Residential Life expenditures increase due to upgrades to undergraduate residences, including mandatory fire and safety upgrades, asbestos abatement, tile and carpet replacement, domestic and sanitary line installation, and dorm furniture for the new Hillside Dorm. The Memorial Union expenditures increased due to costs relating to a generator and climbing wall for the North Woods building. *The Governor recommends \$0.7 million more than requested from Rhode Island Capital Plan funds to reflect the reappropriation of funds for the environmental bio-technology center and the chemistry building.*

## Rhode Island College

**Personnel and Operations.** The revised restricted request includes \$40.2 million, which is \$0.7 million more for personnel and operating expenses. The revised request includes \$1.0 million more in student aid and \$61,040 more for Student Union operations. These additional costs are offset by the decrease in sponsored research funds and for Bookstore operations. Student aid reflects an increase of \$1.0 million in Pell grant awards. The College reports that it has more eligible students resulting from current economic conditions and a high unemployment rate. *The Governor recommends funding as requested.*

**Capital.** The revised restricted request is \$13.0 million, which is \$8.6 million more than the enacted level of which; \$7.0 million is from federal state fiscal stabilization funds for fire safety projects at the College's academic buildings.

The request also includes \$1.4 million more from asset protection funds available from FY 2011 for roof replacements, electrical repairs, HVAC improvements, steam leak repairs and condensate repairs to several of the College's buildings. *The Governor recommends \$0.2 million more than requested to correctly reflect the reappropriation of funds for the new art center and the reimbursement that did not get paid in FY 2011.*

**Debt Service.** The request includes the enacted level of debt service expenditures. The College transferred \$1.6 million at the end of FY 2011 from Rhode Island College's share of debt service on its dorms to general revenues to meet the state's maintenance of effort requirements for the college access challenge grant in the Office of Higher Education's budget. *The state is recapturing the funds in the FY 2012 budget, but the Governor inadvertently includes \$1.6 million more than required.*

### **Community College of Rhode Island**

**Personnel and Operations.** The revised restricted request includes \$36.8 million for general operating expenditures from restricted sources; this is \$1.8 million more primarily from student aid. The Community College reports that it has more eligible students resulting from current economic conditions and a continued high unemployment rate. The request also reflects \$86,864 additional sponsored research funds. *The Governor recommends funding as requested.*

**Workforce Development Initiative.** The revised restricted request includes \$106,598 for the Workforce Development Initiative at the Community College. This is \$131,074 less than the FY 2012 enacted budget. The 2010 Assembly added \$240,000 from Human Resource Investment Council restricted receipts for three new positions to work on development initiatives at the Community College. The Community College has asked the Human Resource Investment Council to only fund the salaries and benefits for the sales and outreach coordinator and the coordinator of career pathways. The Community College indicates that it did not hire the 3.0 full-time equivalent positions to work on development initiatives until the third quarter. *The Governor recommends funding as requested.*

**Capital.** The restricted revised request is \$7.8 million; this is \$5.8 million or 74.3 percent more than the enacted level primarily to reflect \$5.0 million from federal state fiscal stabilization funds carried forward from FY 2011 to complete the fire safety projects at the College's academic buildings and \$0.7 million for the completion of the HVAC project on the Lincoln campus. *The Governor recommends funding as requested.*

**Debt Service.** The request includes the enacted level of debt service expenditures. *The Governor recommends \$0.6 million more than requested for inclusion of the energy conservation project.*



## Rhode Island State Council on the Arts

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 773,074	\$ 838,688	\$ 859,798	\$ 833,229
Contracted Services	36,406	30,000	30,000	30,000
<b>Subtotal</b>	<b>\$ 809,480</b>	<b>\$ 868,688</b>	<b>\$ 889,798</b>	<b>\$ 863,229</b>
Other State Operations	67,827	106,011	111,824	112,992
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,761,895	1,712,227	1,712,227	1,712,227
Capital	706,927	400,000	1,183,000	1,183,000
Capital Debt Service	-	-	-	-
Operating Transfers	108,000	-	-	-
<b>Total</b>	<b>\$ 3,454,129</b>	<b>\$ 3,086,926</b>	<b>\$ 3,896,849</b>	<b>\$ 3,871,448</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,681,094	\$ 1,678,862	\$ 1,699,276	\$ 1,673,875
Federal Aid	954,516	973,064	979,573	979,573
Restricted Receipts	-	-	-	-
Other	818,519	435,000	1,218,000	1,218,000
<b>Total</b>	<b>\$ 3,454,129</b>	<b>\$ 3,086,926</b>	<b>\$ 3,896,849</b>	<b>\$ 3,871,448</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.6</b>			

**FY 2012 Revised Request.** The Council requests \$809,923 more than enacted from all sources. This includes \$20,414 more from general revenues, \$6,509 more from federal funds, and \$783,000 more from Percent for Arts funds and includes the enacted level of 8.6 positions. *The Governor recommends \$784,522 more than enacted from all sources including \$4,987 less than enacted from general revenues.*

**Salaries and Benefits.** The Council requests \$21,110 more than enacted for all salaries and benefits, including \$14,601 from general revenues and \$6,509 from federal funds. The request includes \$23,109 more for medical benefits which appears to be an error as it does not properly reflect medical co-pays. The medical co-pays reduce expenses by \$23,109 including \$16,270 from general revenues. *The Governor recommends \$5,459 less than enacted and \$26,569 less than requested to correct the medical co-pay error and adjusts for current benefit rates.*

**Operating Expenses.** The Council requests \$5,813 more than enacted from general revenues for a copier and associated maintenance fees. The Council purchased a copier in 2009 and has been paying for the copier without having requested funds previously. The Council indicated its exclusion from prior requests was an oversight. *The Governor recommends \$6,981 more than requested including \$1,026 less from general revenues and \$6,839 more from federal funds. He shifts federal funds not needed for personnel to unidentified operating expenses.*

**Percent for Arts Program.** The Council's revised request includes \$0.8 million more than enacted for public arts projects at the Division of Motor Vehicles, the University of Rhode Island, Wickford Junction, and Block Island Airport. The increase is for additional projects being planned for the new University of Rhode Island College of Pharmacy and a medicinal garden at the new University of Rhode Island Environmental Biotechnology Center. A Division of Motor Vehicles project will be completed in FY 2012. *The Governor recommends funding as requested, increasing the level of funding for public arts projects by \$783,000.*

**Community Service Grants.** The Council requests the enacted level of \$362,227 from general revenues for community service grants. These grants are appropriated by the General Assembly with a designated agency and amount. It should be noted that the Arts and Business Council of Rhode Island, which is budgeted to receive a \$6,314 community service grant, is in bankruptcy and receivership, and has not been awarded its grant. *The Governor recommends funding as requested.*

## Rhode Island Atomic Energy Commission

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 980,409	\$ 1,008,283	\$ 992,956	\$ 1,031,318
Contracted Services	4,034	43,907	43,907	21,191
<b>Subtotal</b>	<b>\$ 984,443</b>	<b>\$ 1,052,190</b>	<b>\$ 1,036,863</b>	<b>\$ 1,052,509</b>
Other State Operations	175,601	389,336	240,246	257,392
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	38,841	70,000	122,000	84,486
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,198,885</b>	<b>\$ 1,511,526</b>	<b>\$ 1,399,109</b>	<b>\$ 1,394,387</b>
<b>Sources of Funds</b>				
General Revenue	\$ 858,632	\$ 879,592	\$ 879,592	\$ 877,459
Federal Aid	76,636	324,104	180,216	183,752
Restricted Receipts	-	-	-	-
Other	263,617	307,830	339,301	333,176
<b>Total</b>	<b>\$ 1,198,885</b>	<b>\$ 1,511,526</b>	<b>\$ 1,399,109</b>	<b>\$ 1,394,387</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.6</b>			

**FY 2012 Revised Request.** The Rhode Island Atomic Energy Commission requests \$1.4 million, \$0.1 million less than enacted from all sources. This includes \$143,888 less from federal funds and \$31,471 more from University of Rhode Island sponsored research funds. The revised request reflects the enacted amount of general revenues and staffing authorization.

*The Governor recommends \$1.4 million from all sources, which is \$117,139 less than enacted and \$4,722 less than requested. General revenues are \$2,133 less than enacted and requested.*

**Salaries and Benefits.** The Commission's revised request for salaries and benefits is \$15,327 less than enacted including \$5,901 more from general revenues. The Commission requests funds for three student interns but mistakenly includes benefits for them causing benefit calculations to be inflated by \$11,001.

The Commission's revised request also includes turnover savings of \$43,004, including \$21,776 from general revenues. The FY 2012 enacted budget includes \$22,880 in turnover savings. The Commission has included turnover savings as part of its revised request in order to submit a budget within the Commission's enacted general revenues.

*The Governor recommends \$15,646 more than requested including \$2,133 less from general revenues. The Governor's recommendation provides funding for 8.6 full-time equivalent positions. He does not recommend funding for 3.0 student interns.*

**Nuclear Energy University Program Grant.** The Commission requests \$112,600, which is \$134,400 less than enacted for the Nuclear Energy University Program grant. The Commission was awarded a grant for \$246,980 in FY 2010 from the Department of Energy for the Nuclear Energy University program for energy research and equipment upgrades. The Commission historically requests more funding than planned to prevent exceeding expenditure limits. *The Governor's recommendation is \$16,680 more than requested to reflect the actual grant amount.*

**Other Operations.** The Commission's request includes \$12,690 less than enacted, including \$5,901 less from general revenues for all other operations. The general revenue decrease reflects a lower insurance cost based on historical spending. The federal funds reduction of \$9,488 for maintenance and repairs for the classroom offset by an increase in travel expenses for staff development, office supplies and computer equipment. *The Governor's recommendation is \$466 more than requested from all sources, including the enacted level of general revenues.*

**Capital.** The 2007 Assembly provided \$50,000 from Rhode Island Capital Plan funds annually for asset protection projects beginning in FY 2008. The FY 2012 enacted budget includes \$50,000; the revised request adds \$50,000 in error. *The Governor's recommendation is \$37,514 less than requested to correct the error and to reflect the \$12,486 carry-forward balance from FY 2011.*

## Rhode Island Higher Education Assistance Authority

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Scholarship and Grant Program	\$ 7,733,442	\$ 6,085,230	\$ 5,759,240	\$ 5,911,798
Loans Program	9,330,982	13,336,197	13,047,719	13,034,719
Tuition Savings Program	6,608,023	7,990,720	7,975,159	8,974,173
<b>Total</b>	<b>\$ 23,672,447</b>	<b>\$ 27,412,147</b>	<b>\$ 26,782,118</b>	<b>\$ 27,920,690</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,761,344	\$ 3,718,205	\$ 3,276,515	\$ 3,261,223
Contracted Services	5,794,693	7,508,100	7,508,100	7,508,100
<b>Subtotal</b>	<b>\$ 8,556,037</b>	<b>\$ 11,226,305</b>	<b>\$ 10,784,615</b>	<b>\$ 10,769,323</b>
Other State Operations	1,693,737	3,002,713	2,986,500	2,895,500
Aid to Local Units of Government	6,875,957	-	-	-
Assistance, Grant, and Benefits	6,546,716	12,683,129	12,511,003	13,755,867
Capital	-	500,000	500,000	500,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 23,672,447</b>	<b>\$ 27,412,147</b>	<b>\$ 26,782,118</b>	<b>\$ 27,920,690</b>
<b>Sources of Funds</b>				
General Revenue	\$ 7,320,185	\$ 5,913,104	\$ 5,759,240	\$ 5,911,798
Federal Aid	9,744,239	13,508,323	13,047,719	13,034,719
Restricted Receipts	-	-	-	-
Other	6,608,023	7,990,720	7,975,159	8,974,173
<b>Total</b>	<b>\$ 23,672,447</b>	<b>\$ 27,412,147</b>	<b>\$ 26,782,118</b>	<b>\$ 27,920,690</b>
<b>FTE Authorization</b>	<b>41.6</b>	<b>41.6</b>	<b>41.6</b>	<b>41.6</b>
<b>FTE Average</b>	<b>31.1</b>			

**FY 2012 Revised Request.** The Authority requests \$0.6 million less for FY 2012, including \$153,864 from general revenues, \$0.5 million from federal funds and \$15,561 from Tuition Savings program revenues. The Authority requests 41.6 full-time equivalent positions, the same as the enacted authorization.

*The Governor recommends \$27.9 million from all sources of funds, which is \$0.5 million more than enacted and \$1.1 million more than requested. He also recommends the enacted level of 41.6 full-time equivalent positions.*

**Need Based Scholarships and Grants.** The Authority requests \$12.5 million for scholarships and need-based grants in FY 2012 consistent with the enacted budget. This includes \$5.3 million from general revenues and \$7.2 million from tuition savings funds. The 2011 Assembly reduced general revenues for need based scholarships and grants by \$250,000 and used tuition savings fees instead. These come from fees paid by out-of-state participants of the Tuition Savings Program that the

Authority administers through AllianceBernstein. The appropriations bill currently lists expenditures by fund source.

*The Governor recommends an additional \$153,864 from general revenues for the maintenance of effort for the federal college access challenge grant in the Office of Higher Education's budget. The Governor also shifts \$91,000 from tuition savings funds from operating expenses for additional scholarships.*

**Scholarships and Grants**

	FY 2012 Enacted	FY 2012 Rev. Req.	Change to Enacted	FY 2012 Revised	Change to Enacted
<b>Uses</b>					
<b>Need Based Scholarships and Grants</b>					
General Revenues	\$ 5,261,003	\$ 5,261,003	\$ -	\$ 5,414,867	\$ 153,864
Tuition Savings Fees	7,250,000	7,250,000	-	7,341,000	91,000
<i>Subtotal</i>	<i>\$ 12,511,003</i>	<i>\$ 12,511,003</i>	<i>\$ -</i>	<i>\$ 12,755,867</i>	<i>\$ 244,864</i>
<b>Other Grant Programs</b>					
Academic Promise	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Matching Grant	-	-	-	-	-
LEAP/SLEAP	172,126	-	(172,126)	-	(172,126)
<i>Subtotal</i>	<i>\$ 172,126</i>	<i>\$ -</i>	<i>\$ (172,126)</i>	<i>\$ 1,000,000</i>	<i>\$ 827,874</i>
<b>Total</b>	<b>\$ 12,683,129</b>	<b>\$ 12,511,003</b>	<b>\$ (172,126)</b>	<b>\$ 13,755,867</b>	<b>\$ 1,072,738</b>
<b>Sources</b>					
General Revenues	\$ 5,261,003	\$ 5,261,003	\$ -	\$ 5,414,867	\$ 153,864
Federal Funds	172,126	-	(172,126)	-	(172,126)
Tuition Savings Fees	7,250,000	7,250,000	-	8,341,000	1,091,000
<b>Total</b>	<b>\$ 12,683,129</b>	<b>\$ 12,511,003</b>	<b>\$ (172,126)</b>	<b>\$ 13,755,867</b>	<b>\$ 1,072,738</b>

**Leveraging Education Assistance Partnership.** The Authority excludes the \$0.2 million from Leveraging Education Assistance Partnership funds in the enacted budget as the federal government no longer funds this program. *The Governor recommends funding as requested.*

**Academic Promise Scholarship Program.** The Authority did not request funding for the Academic Promise Scholarship program in its revised request but would like the Governor to include \$1.0 million for this program in his recommendation. The Authority would fund the program with \$1.0 million from tuition savings revenues. The projected FY 2012 tuition savings program reflects a closing surplus of \$2.0 million. *The Governor recommends the use of \$1.0 million from tuition savings revenue.*

**Salaries and Benefits.** The FY 2012 revised request reflects \$0.4 million less for all salary and benefit expenditures including \$153,864 less from general revenues. The request reflects turnover savings in the loan division, the tuition savings program and the scholarship and grant program as well as adjustments in allocation among sources. The Authority has an average of 31.1 of its 41.6 authorized full-time equivalent positions filled as of the November 25, 2011. *The Governor recommends \$15,292 less from all sources, including \$1,306 less from general revenues for the medical holiday savings.*

**Operating Expenses.** The Authority requests a decrease of \$16,213 for operating expenses. This includes \$15,476 less from federal funds and \$737 less from tuition savings funds to reflect anticipated expenditures. The revised request includes \$11.0 million for operating expenditures, including \$0.2 million for the scholarship and grants program, \$10.3 million for the loan division and \$0.5 million for the tuition savings program. *The Governor shifts \$91,000 from tuition savings funds from operating expenses for additional scholarships.*

## Historical Preservation and Heritage Commission

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,562,678	\$ 1,726,609	\$ 1,681,145	\$ 1,626,308
Contracted Services	1,480	13,785	5,675	5,675
<b>Subtotal</b>	<b>\$ 1,564,158</b>	<b>\$ 1,740,394</b>	<b>\$ 1,686,820</b>	<b>\$ 1,631,983</b>
Other State Operations	100,087	177,579	173,720	99,353
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	509,922	935,125	935,137	935,137
Capital	9,365	16,075	15,000	90,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,183,532</b>	<b>\$ 2,869,173</b>	<b>\$ 2,810,677</b>	<b>\$ 2,756,473</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,294,879	\$ 1,469,797	\$ 1,392,059	\$ 1,337,855
Federal Aid	831,656	846,195	886,047	886,047
Restricted Receipts	56,997	478,181	457,571	457,571
Other	-	75,000	75,000	75,000
<b>Total</b>	<b>\$ 2,183,532</b>	<b>\$ 2,869,173</b>	<b>\$ 2,810,677</b>	<b>\$ 2,756,473</b>
<b>FTE Authorization</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>	<b>16.6</b>
<b>FTE Average</b>	<b>16.3</b>			

**FY 2012 Revised Request.** The Historical Preservation and Heritage Commission requests \$2.8 million from all sources for FY 2012, which is \$58,496 less than the enacted budget. This includes \$77,738 less from general revenues, \$20,610 less from restricted receipts offset by \$39,852 more from federal sources. The Commission requests the authorized number of full-time equivalent positions. *The Governor recommends \$112,700 less than enacted from all sources of funds. This includes \$131,942 less from general revenues and \$20,610 less from restricted receipts offset by \$39,852 more from federal sources.*

**Salary and Benefit Adjustments.** The Commission requests \$1.7 million from all sources for salaries and benefits, which is \$45,464 less than enacted. This includes decreases of \$76,462 from general revenues and \$8,869 from restricted receipts offset by \$39,867 more from federal sources. The Commission's request reflects turnover savings of \$122,859, achieved by maintaining one vacancy for the entire fiscal year and a second vacancy for part of the fiscal year. These savings were offset by an increase of \$59,596 from what appears to be an error from the inadvertent exclusion of employee co-sharing. *The Governor recommends \$100,301 less than enacted from all sources, including \$127,666 less from general revenues. This is \$54,837 less than requested to correctly reflect employees' salaries and benefits.*

**Other Operations.** The Commission requests \$13,032 less than enacted from all sources for all other operating expenses. This includes a general revenue reduction of \$1,276 for utility expenses at the Eisenhower House and promotional materials for the annual Heritage Festival. The request includes

\$15 less from federal survey and planning funds for fewer grant awards to support historic preservation planning activities throughout the state and \$11,741 less than enacted to support the historic homeownership tax credit program. It appears the Commission understated its Rhode Island Capital Plan fund request for repairs to the Eisenhower House by \$32,866, the amount included in the capital request.

*The Governor recommends \$633 more than requested for all other operating expenses. This includes \$3,633 more from federal funds and restricted receipts available from medical benefits savings offset by a reduction of \$3,000 from general revenues for building repairs to the Eisenhower House based on the availability of Rhode Island Capital Plan funds.*

## Rhode Island Public Telecommunications Authority

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,505,217	\$ 1,582,011	\$ 1,724,082	\$ 1,537,136
Contracted Services	6,098	11,700	11,700	11,700
<b>Subtotal</b>	<b>\$ 1,511,315</b>	<b>\$ 1,593,711</b>	<b>\$ 1,735,782</b>	<b>\$ 1,548,836</b>
Other State Operations	13,692	37,461	15,500	19,641
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,525,007</b>	<b>\$ 1,631,172</b>	<b>\$ 1,751,282</b>	<b>\$ 1,568,477</b>
<b>Sources of Funds</b>				
General Revenue	\$ 929,324	\$ 947,960	\$ 1,115,367	\$ 932,562
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	595,683	683,212	635,915	635,915
<b>Total</b>	<b>\$ 1,525,007</b>	<b>\$ 1,631,172</b>	<b>\$ 1,751,282</b>	<b>\$ 1,568,477</b>
<b>FTE Authorization</b>	<b>16.0</b>	<b>15.0</b>	<b>16.0</b>	<b>15.0</b>
<b>FTE Average</b>	<b>15.1</b>			

**FY 2012 Revised Request.** The Public Telecommunications Authority requests \$120,110 more than enacted, including \$167,407 more from general revenues, \$47,297 less from Corporation for Public Broadcasting funds and 1.0 more full-time equivalent position. *The Governor recommends \$182,805 less than requested from general revenues and the enacted authorization of Corporation for Public Broadcasting funds. He recommends eliminating 1.0 position and includes 15.0 full-time equivalent positions.*

**Director of Finance and Administration.** The Authority requests \$148,834 from general revenues and 1.0 new full-time equivalent position for a new Director of Finance and Administration position for a full year. The Authority indicates that it has not posted the position and has yet to set a date for hire. The 2011 Assembly reduced general revenues by \$150,000 and eliminated authorization for that vacant position. *The Governor does not recommend funding this position.*

**All Other Salaries and Benefits.** The Authority requests \$6,763 less than enacted from all sources, including \$18,573 more from general revenues offset by \$25,336 from Corporation for Public Broadcasting funds. The Authority shifts expenditures from Corporation for Public Broadcasting funds to general revenues to reflect the actual grant awarded. *The Governor recommends \$38,112 less from all sources, including \$33,971 less from general revenues primarily for turnover savings for a six month vacancy of the Instructional Television Director position, which was laid off and the distribution of the medical benefit holiday savings. He also recommends eliminating authorization for that position.*

**Operating Expenses.** The Authority's request excludes the \$21,961 from Corporation for Public Broadcasting funds budgeted for office expenses based on historical spending. The enacted budget includes \$21,961 from Corporation for Public Broadcasting funds, which appears to overfund operating expenses. The Authority requests all Corporation for Public Broadcasting funds be allocated to salaries and benefits. *The Governor recommends \$4,141 more than requested to reflect shifting the medical benefit holiday savings to unidentified operating expenses.*

## Office of the Attorney General

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Criminal	\$ 14,784,612	\$ 17,009,156	\$ 17,184,070	\$ 17,100,689
Civil	4,808,700	5,416,183	6,213,463	6,191,898
Bureau of Criminal Identification	1,147,431	1,126,572	1,247,993	1,244,234
General	2,877,893	3,159,135	3,185,165	3,010,130
<b>Total</b>	<b>\$ 23,618,636</b>	<b>\$ 26,711,046</b>	<b>\$ 27,830,691</b>	<b>\$ 27,546,951</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 20,927,447	\$ 23,273,493	\$ 23,020,864	\$ 22,914,630
Contracted Services	687,673	503,269	1,495,841	1,495,841
<b>Subtotal</b>	<b>\$ 21,615,120</b>	<b>\$ 23,776,762</b>	<b>\$ 24,516,705</b>	<b>\$ 24,410,471</b>
Other State Operations	1,574,461	2,062,426	2,273,936	2,259,045
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	429,055	871,858	1,040,050	877,435
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 23,618,636</b>	<b>\$ 26,711,046</b>	<b>\$ 27,830,691</b>	<b>\$ 27,546,951</b>
<b>Sources of Funds</b>				
General Revenue	\$ 20,763,523	\$ 22,442,867	\$ 23,175,942	\$ 23,054,817
Federal Aid	1,788,467	2,895,944	2,887,910	2,887,910
Restricted Receipts	791,991	1,122,235	1,354,224	1,354,224
Other	274,655	250,000	412,615	250,000
<b>Total</b>	<b>\$ 23,618,636</b>	<b>\$ 26,711,046</b>	<b>\$ 27,830,691</b>	<b>\$ 27,546,951</b>
<b>FTE Authorization</b>	<b>231.1</b>	<b>231.1</b>	<b>233.1</b>	<b>233.1</b>
<b>FTE Average</b>	<b>225.9</b>			

**FY 2012 Revised Request.** The Office of the Attorney General requests \$1.1 million more than enacted from all sources, including \$0.7 million from general revenues and 2.0 full-time equivalent positions above the authorized level. *The Governor recommends \$0.3 million less than requested from all sources, including \$0.1 million less from general revenues and \$0.2 million less from other funds. He also recommends 233.1 full-time equivalent positions, as requested.*

**Background Check Grant.** The Office requests \$335,072 less than enacted from federal funds to pay for 2.0 fingerprint technician positions to provide assistance in the performance of background checks for health care workers providing services to the state's children and elderly. The FY 2012 enacted budget includes \$1.5 million in total grant funds, including \$0.5 million for payroll expenses, but did not add new positions. The current request assumes \$1.2 million in total grant funds available for FY 2012, including \$0.2 million for payroll expenses to correctly match the actual grant award. The revised request also adds 2.0 positions above the authorized level. The Office indicates that if additional grant awards are not available at the depletion of the current funds, the positions would

require general revenue support in the outyears. *The Governor recommends funding and new staffing essentially as requested, but shifts \$1,185 from personnel to operating expenses to account for the distribution of the medical benefit holiday savings, which keeps the total the same.*

**Community Prosecutor.** The Office's request shifts \$41,050 from general revenues to federal funds to partially support a community prosecutor position, which would have been funded from general revenues. This request correctly reflects a new federal grant awarded for prosecution of juvenile gang activities by working in collaboration with the gang units from the Providence Police Department and the United States Attorney General. This was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its FY 2012 request. *The Governor recommends funding essentially as requested, but shifts \$229 from personnel to operating expenses to account for the distribution of the medical benefit holiday savings, which keeps the total the same.*

**Violence Against Women Grant.** The Office requests \$48,281 less than enacted from federal funds to support the domestic violence and sexual assault unit. This request correctly reflects a new federal grant awarded for the development and implementation of effective law enforcement and prosecution strategies to combat violent crimes committed against women and enhance victim services. The awarded funds are expected to support approximately three-fourths of the payroll for the domestic violence and sexual assault unit. *The Governor recommends funding essentially as requested, but shifts \$826 from personnel to operating expenses to account for the distribution of the medical benefit holiday savings, which keeps the total the same.*

**Other Salary and Benefit Adjustments.** The Office requests \$129,582 more than enacted from all sources, including \$124,468 from general revenues for all other salary and benefit adjustments. This includes added costs for a deferred paid leave day and medical insurance based on employee benefit selection. It appears the Office did not correctly calculate benefit rates causing the request to be overstated by \$19,101. It also appears that the Office is not expected to achieve the entire statewide personnel savings assumed in the enacted budget. Currently, the Office is averaging 225.7 filled positions or 5.4 positions below the authorized level. *The Governor recommends \$0.1 million less than requested to reflect the distribution of medical benefit holiday savings.*

**Tobacco Enforcement Litigation Reappropriation.** The Office includes the reappropriation of \$366,122 from general revenues for unused tobacco enforcement litigation expenditures for FY 2012. The enacted budget includes \$343,198 from general revenues to cover the state's share of trial and trial-related expenses among settling states. This reflects projected expenses including the costs of securing the services of outside counsel since the Office's current litigant is viewed as a potential state witness during litigation proceedings. This enforcement litigation case is brought by the leading United States tobacco product manufacturers against the states under the "Master Settlement Agreement" alleging their lack of efforts in enforcing the agreement for non-participating manufacturers. *The Governor recommends funding as requested.*

**Integrated Information System.** The Office requests \$239,000 from federal funds carried forward from FY 2011 for the design and implementation of the integrated case management information system for the Criminal Division. Currently, the Office manages its annual caseloads through a labor-intensive manual state repository for all criminal history information. This system is expected to eliminate duplicate information and processes and provide reporting without additional licensing fees. This application will have integration with the Rhode Island Court Judicial Information System for disposition information and with the Rhode Island Criminal History System for arrest and expungement information. This request correctly reflects the federal grant awarded to the Office for this project. *The Governor recommends funding as requested.*

**Civil Division System Upgrade.** The Office requests \$186,179 more than enacted from restricted receipts for the design and implementation of the case management information system for the Civil Division. This system upgrade was requested and approved for FY 2011, but the Office has delayed its implementation until the completion of the integrated case management information system for the Criminal Division. This system is expected to improve efficiency by eliminating duplicate information and processes associated with the current manual system and function in collaboration with state law enforcement in the various district courts on all civil matters. The requested funds for this upgrade are recovered by the Civil Division's consumer protection unit from deceptive trade practice cases and deposited into a restricted receipt account for consumer education related expenses. *The Governor recommends funding as requested.*

**Public Utilities.** The Office requests \$62,252 more than enacted from restricted receipts for expenses associated with public utility representation for ratepayers and citizens of the state, excluding staffing. This includes \$44,500 more for purchased engineering services to ensure compliance in service quality and utility safety measures. This request also includes an increase for computer equipment, mileage reimbursement, and travel and training expenses based on projected need. The restricted receipts are generated from the unit's assessment to the regulated utilities. *The Governor recommends \$2,824 more than requested to reflect additional funds available from medical benefit savings.*

**Precious Metals Database.** The Office requests \$50,030 from federal funds for the precious metals and pawn dealers unit purchased services. This correctly reflects a new federal grant awarded for database entry of sales and pawn transaction descriptions by precious metals dealers and pawn shops. This was not included in the enacted budget because the Office did not anticipate receiving this award when it formulated its FY 2012 original request. *The Governor recommends funding as requested.*

**Asset Protection.** The Office requests \$162,615 more than enacted from Rhode Island Capital Plan funds carried forward from FY 2011 for its asset protection projects. This is consistent with the approved capital plan. The Office notes several projects were delayed in FY 2011 due to unanticipated and required preparation work in order to begin these projects. Preparation work includes purchased architectural and engineering services, asbestos removal, and the placement of a shaft to handle wiring. *The Governor recommends only the enacted level of \$250,000 from Rhode Island Capital Plan funds.*

**All Other Operations.** The Office requests \$307,218 more than enacted from all sources, including \$283,535 more from general revenues for all other operations based on historical spending. This is \$59,576 more than the FY 2011 expenditure experience, including \$21,344 more from general revenues to reflect annual rate increases for purchased services, including internet-based legal research services from Westlaw. The most notable discrepancy includes \$149,936 for annual membership dues and fees, while FY 2011 expenditures were \$32,349. *The Governor recommends \$25,000 less than requested from general revenues to reflect reductions for membership dues and fees and subscriptions. He also increases expenses from non-general revenue sources to reflect additional funds available from medical benefit savings.*



## Department of Corrections

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 7,440,798	\$ 8,596,603	\$ 9,420,875	\$ 9,148,153
Parole Board	1,150,306	1,402,621	1,345,817	1,341,333
Institutional Corrections	160,901,564	170,177,524	181,180,110	176,815,942
Community Corrections	13,963,828	15,198,850	15,489,054	15,171,174
<b>Total</b>	<b>\$ 183,456,496</b>	<b>\$ 195,375,598</b>	<b>\$ 207,435,856</b>	<b>\$ 202,476,602</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 155,124,953	\$ 156,333,400	\$ 163,465,837	\$ 161,554,250
Contracted Services	9,810,289	10,521,287	11,684,698	11,665,698
<b>Subtotal</b>	<b>\$ 164,935,242</b>	<b>\$ 166,854,687</b>	<b>\$ 175,150,535</b>	<b>\$ 173,219,948</b>
Other State Operations	13,941,701	15,640,702	15,731,948	15,710,257
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,268,963	2,276,082	1,315,074	1,315,074
Capital	3,310,590	10,604,127	15,238,299	12,231,323
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 183,456,496</b>	<b>\$ 195,375,598</b>	<b>\$ 207,435,856</b>	<b>\$ 202,476,602</b>
<b>Sources of Funds</b>				
General Revenue	\$ 177,719,624	\$ 182,141,365	\$ 189,476,585	\$ 187,449,307
Federal Aid	2,780,906	2,914,545	3,190,986	3,190,986
Restricted Receipts	12,348	34,371	64,027	64,027
Other	2,943,618	10,285,317	14,704,258	11,772,282
<b>Total</b>	<b>\$ 183,456,496</b>	<b>\$ 195,375,598</b>	<b>\$ 207,435,856</b>	<b>\$ 202,476,602</b>
<b>FTE Authorization</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>	<b>1,419.0</b>
<b>Prison Population</b>	<b>3,273</b>	<b>3,239</b>	<b>3,264</b>	<b>3,265</b>
<b>FTE Average</b>	<b>1,371.6</b>			

**FY 2012 Revised Request.** The Department requests \$12.1 million or 6.2 percent more than enacted, including \$7.3 million from general revenues, \$0.3 million from federal funds, and \$4.4 million from Rhode Island Capital Plan funds. Consistent with the enacted, the Department requests 1,419.0 full-time equivalent positions. The Department's revised request is based on a population of 3,264, an increase of 25 inmates.

*The Governor recommends \$7.1 million more than enacted from all sources, including \$5.3 million from general revenues. This is \$5.0 million less than requested, including \$2.0 million less from general revenues and \$2.9 million less from other funds. His recommendation assumes 1,419.0 full-time equivalent positions, consistent with the enacted authorization and a population of 3,265, 1 inmate above the requested population.*

**Population.** The Department’s original request for FY 2012 assumed a population of 3,416, consistent with the Governor’s recommendations. The enacted budget assumes a population of 3,239, which is 177 fewer than the Department’s initial population projection and the recommended population.

The Department contracts with a firm to prepare population estimates, which subsequently revised the enacted population upward to 3,264. That is the population upon which the revised budget request was based. The Department’s current population is tracking below staff estimate level for the FY 2012 enacted budget. The House Fiscal Staff uses a simple model using trend data and population through the second quarter that suggests an average population of 3,214.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The enacted budget includes savings of \$6.0 million from consolidating inmates out of the Donald Price facility into available bed spaces in the rest of the system. The Department closed the Donald Price Medium Security facility as of November 2011. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of June 2011, only 295 inmates were housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2002 through the FY 2012 revised budget request. The average population for the first six months of FY 2012 is 3,214. Total cost per inmate including staff, can be expressed by dividing the Institutional Corrections’ budget by the number of inmates. This is \$55,509 for the FY 2012 revised budget. The enacted budget includes \$52,540. FY 2011 actual expenditures suggest a cost of \$49,160.

History	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<i>Request</i>	3,492	3,297	3,333	3,305	3,299	3,200	2,583	3,803	4,008	3,709	3,416
Governor	3,464	3,393	3,724	3,640	3,244	3,375	3,289	3,848	4,008	3,643	3,416
Enacted	3,464	3,393	3,500	3,575	3,244	3,375	3,289	3,848	3,767	3,450	<b>3,239</b>
Revised Request	3,251	3,658	3,640	3,575	3,375	3,723	4,018	3,869	3,669	3,350	3,264
Governor Revised	3,370	3,658	3,600	3,377	3,375	3,723	3,925	3,869	3,659	3,350	3,265
Final	3,370	3,550	3,600	3,377	3,475	3,755	3,925	3,788	3,551	3,273	
<i>Actual</i>	3,387	3,537	3,554	3,361	3,510	3,771	3,860	3,773	3,502	3,273	

*The Governor’s revised recommendation is based on an average population of 3,265 or 26 more inmates than enacted.*

**Population: Per Diem Expenditures.** The Department requests \$98,588 more than enacted from general revenues for population related expenditures that are calculated on a per diem basis, excluding staffing. This is based on an increase for cleaning supplies and pharmaceutical expenses. The Department’s revised budget includes \$3,846 per inmate for items such as food, linen, household supplies and medical services; the enacted budget assumes \$3,816. In FY 2011, the Department’s actual per inmate cost was \$3,681 or \$165 less than the current request.

*The Governor’s recommendation assumes \$3,779 per inmate for population related per diem expenditures. He recommends \$20,313 less than enacted or \$118,901 less than requested to reflect further reductions for prescription drugs, food and medical supplies based on prior year expenditures.*

**Underestimated Personnel Expenses.** The enacted budget includes \$9.6 million from general revenues for wage increases for correctional officers for FY 2012. This estimate is based on the labor contract settlement reached on March 30, 2010 and initial calculations from the Department of

Administration for base wage adjustments for all eligible members of the bargaining unit. The contract agreement includes a 2.95 percent wage increase for uniform correctional officers for FY 2012. The Department's revised budget requests an additional \$3.1 million from general revenues to reflect its updated estimate of \$12.7 million based on current staffing. The Department indicates that its initial estimate was based on an understated hourly wage for uniform correctional officers. *The Governor recommends funding as requested.*

**Administrative Positions.** The Department requests \$190,887 from general revenues to fill 6.0 full-time administrative positions for one-half of FY 2012. The positions include 2.0 administrative clerks, 2.0 senior word processing typists, 1.0 assistant, and 1.0 administrative aide. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor includes \$30,314 from general revenues for a senior word processing typist for the Parole Board for half of FY 2012.*

**Public Safety Positions.** The Department requests \$1.0 million from general revenues to fill 36.0 full-time public safety positions for one-half of FY 2012. The positions include 28.0 officers, 6.0 lieutenants, 1.0 deputy warden, and 1.0 investigator. Currently, the Department has promoted existing staff under the "three-day rule" to fill 8.0 positions; 28.0 entry-level officer positions will be filled by the graduates of the new officer class. *The Governor recommends \$0.7 million from general revenues for 28.0 correctional officers for half of FY 2012. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**Health and Social Service Positions.** The Department requests \$512,480 from general revenues to fill 11.0 full-time health and social service positions for one-half of FY 2012. The positions include 3.0 physicians, 3.0 social workers, 2.0 hospital officers, 1.0 medical director, 1.0 public health education specialist, and 1.0 adult counselor. Currently, the Department has promoted existing staff under the "three-day rule" to fill these positions. *The Governor's recommendation does not include funding for these positions. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**Probation and Parole Positions.** The Department requests \$228,464 from general revenues to fill 6.0 full-time probation and parole positions for one-half of FY 2012. The positions include 4.0 officers, 1.0 supervisor, and 1.0 probation and parole aide. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor's recommendation does not include funding for these positions. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**Maintenance Positions.** The Department requests \$58,029 from general revenues to fill 2.0 full-time maintenance positions for one-half of FY 2012. The positions include 1.0 electrician and 1.0 motor equipment operator. Currently, the Department is using other staff under the "three-day rule" to fulfill these duties. *The Governor's recommendation does not include funding for these positions. He assumes that the Department can reprioritize its hiring through the utilization of continued turnover.*

**Biennial Weapons Requalification.** The Department requests \$532,150 less than enacted from general revenues for expenses associated with the biennial weapons requalification for correctional officers. This includes overtime and benefit expenses as well as ammunition, transportation and firing range rental costs. The request includes overtime and benefits savings to reflect the addition of weapons requalification as part of the annual 40-hour in-service training provided to correctional officers. The savings are partially offset by a minor increase for mileage reimbursement. *The Governor recommends funding as requested.*

**State Criminal Alien Assistance Funds.** The Department requests \$3,294 less than enacted from general revenues to reflect underestimated federal State Criminal Alien Assistance funds. This is a formula grant awarded to the Department for incurring costs of incarcerating undocumented immigrants who are being held as a result of state and/or local charges or convictions. The enacted budget anticipates \$1.0 million, consistent with the grant funds awarded for FY 2011. The federal award for FY 2012 is expected to be \$3,294 more than enacted and the Department's revised request reduces general revenues to show use of these funds instead.

Subsequent to its budget submission, the Department indicates that the federal award for FY 2012 is \$702,695, which is \$323,434 less than anticipated or \$320,140 less than enacted. The Department requests general revenues to offset this shortfall. *The Governor recommends the \$320,140 from general revenues to offset the shortfall.*

**Unachieved Personnel Savings.** The enacted budget includes general revenue savings of \$5.1 million from unidentified statewide savings included in the Governor's original recommendation. The Department's revised request restores \$1.9 million primarily from increased overtime expenses. The Department notes the instant discharge of paid leave days accrued in exchange of pay reduction days by correctional officers led to a significant increase in overtime expenses. This impact was not budgeted with the pay reduction days. *The Governor recommends \$0.9 million more than enacted or \$1.0 million less than requested to reflect lower overtime expenses and the distribution of the medical benefit holiday savings.*

**New Officer Class Expenses.** The Department requests \$104,280 more than enacted from general revenues for the recruitment and training for a new class of correctional officers. This reflects more recruits and higher training expenses than assumed in the enacted budget. The enacted budget was based on FY 2011 expenses, which included a lower recruitment and training costs because of available recruits from the prior class conducted in FY 2010. The Department anticipates 45 graduates, of which 28 are anticipated to be hired by April 2012. *The Governor recommends funding as requested.*

**Time Tracking System Implementation.** The Department requests \$350,000 from general revenues to upgrade the time and attendance tracking system. This system was created several years ago by an outside consultant to produce roll call for the facilities for three shifts and to monitor vacation and sick time and non-pay days. A system malfunction can result in less or more pay for staff or prolong the payroll entry process. The Department maintains that an upgrade will prevent a crash that can destroy the system. The FY 2011 budget included \$209,000 for this upgrade, which did not occur because of insufficient funds due to underestimated costs by the Department. The revised estimate for the upgrade is \$0.7 million, which is being requested over two fiscal years and assumes use of \$0.1 million in the enacted budgeted for other uses.

*The Governor recommends \$350,767 in new funding or \$81,000 more than requested to allow the Department to retain enacted funding for other uses. His recommendation notes that funding the entire request of \$0.7 million would be an appropriate use of the Information Technology Fund initiative.*

**Indirect Cost Recovery.** The enacted budget includes \$34,348 in restricted receipts from the Department applying and receiving an approved indirect cost rate for its federal grants. The restricted receipts allow the Department to offset general revenue supported operating supplies. The Department's revised request includes \$64,027 from restricted receipts, \$29,679 more than enacted to reflect an approved indirect rate of 5.0 percent for several grants primarily from the Department of Education. *The Governor recommends funding as requested.*

**Staff Development Grants.** The Department requests \$220,003 more than enacted from federal funds to reflect new and increased federal grants that support existing staff development programs for FY 2012. The new federal grant awards support numerous staff activities intended to prevent and control crime and improve the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommends funding as requested.*

**Community Corrections Grants.** The Department requests \$65,532 more than enacted from federal funds to support existing community corrections programs for FY 2012. This reflects a new federal grant awarded for effective management of adult and juvenile sex offenders and mitigation of their risk to the community through comprehensive interventions. Grant funds can be used to reduce and prevent harm to victims, including victim advocacy, treatment services, and critical examination of existing approaches of offender management. *The Governor recommends funding as requested.*

**National Criminal History Improvement Project.** The Department requests \$13,290 from federal funds to reflect a new federal grant awarded for the improvement of computerized criminal history record systems. This includes software testing of ordered instructions of computers to ensure product and/or service quality. This system transmits data to national systems for the immediate identification of individuals prohibited from purchasing firearms, and/or ineligible to hold positions of responsibility involving children, the elderly, or the disabled. This request was not included in the enacted budget because the Department was not aware it would be awarded the funds. *The Governor recommends funding as requested.*

**Capital Projects.** The Department requests \$4.4 million more than enacted from Rhode Island Capital Plan funds, including \$3.5 million carried forward from FY 2011 for its capital projects for FY 2012. This reflects delays to several renovation projects, particularly Minimum Security kitchen expansion, due to the pending demolition of Building D by the Department of Administration. A more detailed description of the capital projects is available in the Capital Budget Section of this analysis. *The Governor recommends \$1.5 million more than enacted or \$2.9 million less than requested to reflect unspent funds shifted to later years. He does not recommend requested funding of \$0.8 million for database upgrades.*

**All Other Operations.** The Department requests \$0.4 million more than enacted, nearly all from general revenues for all other operations for FY 2012. This reflects unachieved statewide operating savings from repair and maintenance of computer software and legal expenses as well as additional expenses for server replacement, digital x-ray machinery, and furniture and equipment based on departmental needs. The total operating request is \$27.3 million, including \$24.8 million from Institutional Corrections to place this expense more in line with historical spending. FY 2011 expenses were \$25.6 million or \$0.8 million more than the current request.

*The Governor recommends \$0.4 million more than enacted from all sources or \$17,948 less than requested, including \$18,901 less from general revenues to reflect savings from computer equipment purchases, software systems support and insurance. These savings were partially offset by increased expenses from non-general revenue sources to reflect additional funds available from medical benefit savings.*



## Judicial Department

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Supreme Court	\$ 27,815,702	\$ 29,127,111	\$ 29,590,851	\$ 29,531,351
Defense of Indigent Persons	3,448,104	3,562,240	3,562,240	3,562,240
Commission on Judicial Tenure & Discipline	106,076	111,282	113,571	113,369
Superior Court	20,851,178	21,437,191	22,301,167	22,243,520
Family Court	19,136,922	20,817,192	20,640,076	20,581,320
District Court	10,961,933	11,386,765	11,765,388	11,729,519
Traffic Tribunal	7,572,756	7,752,175	8,121,141	8,093,404
Workers' Compensation Court	7,273,592	7,754,978	7,713,469	7,713,469
<b>Total</b>	<b>\$ 97,166,263</b>	<b>\$ 101,948,934</b>	<b>\$ 103,807,903</b>	<b>\$ 103,568,192</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 71,525,032	\$ 75,235,694	\$ 77,845,875	\$ 77,571,740
Contracted Services	2,575,073	2,624,705	3,063,092	3,063,092
<b>Subtotal</b>	<b>\$ 74,100,105</b>	<b>\$ 77,860,399</b>	<b>\$ 80,908,967</b>	<b>\$ 80,634,832</b>
Other State Operations	10,142,041	11,006,531	10,304,991	10,339,414
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,391,610	11,146,198	10,558,386	10,558,386
Capital	2,532,507	1,935,806	2,035,560	2,035,560
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 97,166,263</b>	<b>\$ 101,948,934</b>	<b>\$ 103,807,904</b>	<b>\$ 103,568,192</b>
<b>Sources of Funds</b>				
General Revenue	\$ 84,300,614	\$ 87,073,983	\$ 88,949,610	\$ 88,709,899
Federal Aid	2,555,921	3,576,588	3,079,400	3,079,400
Restricted Receipts	9,480,024	10,198,363	10,657,810	10,657,810
Other	829,704	1,100,000	1,121,083	1,121,083
<b>Total</b>	<b>\$ 97,166,263</b>	<b>\$ 101,948,934</b>	<b>\$ 103,807,903</b>	<b>\$ 103,568,192</b>
<b>FTE Authorization</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>	<b>723.3</b>
<b>FTE Average</b>	<b>670.3</b>			

**FY 2012 Revised Request.** The Judiciary requests an additional \$1.9 million of spending for FY 2012 including \$1.9 million more from general revenues. Of this amount, \$1.4 million is to correct for a mistake in the calculation of the cost-of-living adjustment in the enacted budget. Consistent with the enacted authorization, the Department requests 723.3 full-time equivalent positions.

The request includes a reappropriation of \$91,815 in accordance with current law requirements which represents unexpended or unencumbered appropriations from FY 2011.

*The Governor recommends \$0.2 million less from general revenues than requested to reflect medical benefit savings. He recommends the authorized level of 723.3 full-time equivalent positions.*

**Pay-Go Judges Pensions.** The revised request reflects savings of \$0.4 million including \$0.3 million less from general revenues for retirement costs for judges and magistrates who are not part of the state employee retirement system. This revision reflects actual costs for current retirees. Currently, there are 10 non-contributing judges and they all meet the eligibility threshold to retire at full or reduced benefits. *The Governor recommends funding as requested.*

**Annualized COLA Adjustment.** The revised request includes an additional \$1.4 million including \$1.3 million from general revenues to make a technical correction to the calculation of the cost-of-living adjustment that was miscalculated in the agency's budget request on which the enacted budget was based. The FY 2012 budget includes a 3.0 percent cost-of-living increase. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding the cost-of-living correction mentioned above, the Judiciary requests \$1.2 million more than enacted from all sources for total funding of \$76.4 million for salaries and benefits for 723.3 positions. The request includes an additional \$1.4 million from general revenues, primarily restoring turnover savings.

As of October 2011, the Judiciary has 46.7 vacant positions of which 38.1 are funded from general revenues. Of the 38.1 vacant positions, 3.0 are judges which the Judiciary estimates will be appointed by the first week in April 2012. The enacted budget includes personnel savings of \$3.0 million, which based on an average cost per position of \$102,830, equates to 29.6 positions. The revised turnover savings of \$2.2 million equates to 21.3 vacant positions. As of the pay period ending December 5, 2011, the Judiciary has 54.1 vacant positions of which 44.5 are funded from general revenues.

*The Governor recommends funding as requested with the exception of \$0.3 million less from all sources including \$0.2 million less from general revenues to reflect medical benefit savings.*

**Security Services.** The revised request includes an additional \$0.3 million for security services including overtime expenses for the Sheriffs and Capitol Police coverage of the Traffic Tribunal. The Department of Public Safety is charging the overtime expenses to the Judiciary budget; there was no funding included in the enacted budget. *The Governor recommends funding as requested.*

**Court Technology.** The revised request reflects savings of \$0.3 million from general revenues for its court computer technology expenses. This primarily reflects limiting computer replacements to critical need only and a reduction in copier rental expenses. *The Governor recommends funding as requested.*

**Repairs and Maintenance.** The revised request includes savings of \$0.2 million including \$0.3 million from general revenues for the maintenance of the judicial complex facilities by delaying building repairs. *The Governor recommends funding as requested.*

**All Other Operations.** The Department requests \$0.2 million less than enacted from all sources, including \$0.2 million less from general revenues for all other operating adjustments. This includes shifting \$0.1 million in telephone expenses to the agencies that are using space in the courthouses and utility savings based on historical costs. These expenses will appear as increased costs in other agencies. *The Governor adds \$34,423 from federal and restricted sources to reflect medical benefit savings shifted to unidentified operating costs.*

**Capital Projects.** The Department requests \$21,083 more than enacted from Rhode Island Capital Plan funds for its capital projects for FY 2012. This includes an additional \$6,953 for the HVAC project and \$14,130 for asset protection projects. *The Governor recommends funding as requested.*



## Military Staff

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
National Guard	\$ 11,356,017	\$ 14,977,312	\$ 16,477,773	\$ 15,411,376
Emergency Management	25,068,238	20,141,928	33,521,984	33,642,133
<b>Total</b>	<b>\$ 36,424,255</b>	<b>\$ 35,119,240</b>	<b>\$ 49,999,757</b>	<b>\$ 49,053,509</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,539,084	\$ 9,551,980	\$ 9,670,970	\$ 9,602,141
Contracted Services	1,611,091	1,144,357	1,674,680	1,732,680
<b>Subtotal</b>	<b>\$ 10,150,175</b>	<b>\$ 10,696,337</b>	<b>\$ 11,345,650</b>	<b>\$ 11,334,821</b>
Other State Operations	5,778,731	5,473,895	6,213,198	5,848,612
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	18,084,967	16,244,445	28,338,449	28,803,316
Capital	2,410,382	2,704,563	4,102,460	3,066,760
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 36,424,255</b>	<b>\$ 35,119,240</b>	<b>\$ 49,999,757</b>	<b>\$ 49,053,509</b>
<b>Sources of Funds</b>				
General Revenue	\$ 3,755,542	\$ 3,470,928	\$ 4,181,956	\$ 3,766,872
Federal Aid	32,256,773	29,418,438	42,326,505	42,831,041
Restricted Receipts	189,042	609,311	470,733	470,733
Other	222,898	1,620,563	3,020,563	1,984,863
<b>Total</b>	<b>\$ 36,424,255</b>	<b>\$ 35,119,240</b>	<b>\$ 49,999,757</b>	<b>\$ 49,053,509</b>
<b>FTE Authorization</b>	<b>109.0</b>	<b>117.0</b>	<b>113.0</b>	<b>113.0</b>
<b>FTE Average</b>	<b>100.7</b>			

**FY 2012 Revised Request.** The Military Staff's request includes \$50.0 million from all sources, including \$4.2 million from general revenues, \$42.3 million from federal funds, \$0.5 million from restricted receipts, \$3.0 million from Rhode Island Capital Plan funds and 113.0 full-time equivalent positions. *The Governor recommends \$49.1 million, \$0.9 million less than requested, including reductions of \$0.4 million from general revenues and \$1.0 million from Rhode Island Capital Plan funds, offset by \$0.5 million more from federal funds. The recommendation includes the requested number of 113.0 positions.*

**Staffing.** The Military Staff's request includes 113.0 positions, 4.0 less than enacted. The positions are vacant, and the Agency requests to eliminate them in FY 2012 and FY 2013. Positions include 1.0 janitor and 2.0 maintenance positions in the National Guard, and 1.0 administrative manager in the Emergency Management Agency.

*The Governor recommends the requested number of positions; however, the personnel included in the recommendation have been altered. The recommendation eliminates 1.0 project manager and 1.0 maintenance position in the National Guard, and 1.0 administrative manager position in the Emergency*

*Management Agency. The recommendation also includes the addition of 1.0 HVAC supervisor position in the Guard and 1.0 chief of information and public relations in the Agency.*

## **National Guard**

**Salaries and Benefits.** The Military Staff requests \$7.0 million for salaries and benefits for the Rhode Island National Guard. The request includes \$0.6 million from general revenues, with the remainder from federal funds for 85.0 full-time equivalent positions in the Guard. The request is \$0.1 million more than enacted to reflect unachieved turnover savings that were included in the enacted budget. The Guard's revised request includes \$14,394 for turnover; however, the enacted budget included \$0.1 million. The revised request restores the unachieved personnel savings included in its FY 2012 budget.

*The Governor recommends \$61,479 less than requested, including \$30,617 less from general revenues. The recommendation eliminates 1.0 project manager and 1.0 maintenance position and adds 1.0 HVAC supervisor. The recommendation reflects updated savings from the elimination of the vacant positions as well as the restoration of turnover to the enacted level.*

**All Other Operating.** The National Guard requests \$50,565 less for all other operating expenses. This includes \$21,339 more from general revenues offset by \$71,904 less from federal funds. The increase from general revenues is due to increased costs for heating oil, which reflects an increased price, as well as increased usage as more guard members are returning from deployment. The decrease in federal funds reflects actual awards and expenditures from federal grants for operations. Subsequently, the Military Staff submitted a corrective action plan which would delay building maintenance in order to achieve general revenue savings. The Agency did not provide more detail of the delays.

*The Governor recommends \$4,963 less than enacted, \$45,602 more than requested including \$18,251 more from general revenues for increased insurance costs not included in the enacted budget or request. The decrease in the recommendation also reflects saving initiatives included in the Military Staff's corrective action plan, which includes delaying general revenue funded building maintenance.*

**Military Family Relief Fund.** The National Guard requests \$300,000 from restricted receipts for the Family Relief Fund, which is \$65,000 more than enacted. This fund provides financial support to military members and their families for financial issues. It appears the agency budgets all available resources which far exceed expenditures. Each year there is a significant carry forward balance as expenditures never meet the projected expenses. Prior year expenditures include \$63,392 for FY 2007, \$31,408 for FY 2008, \$22,035 for FY 2009, \$9,969 for FY 2010 and \$9,626 for FY 2011. The agency indicates the increased request is based on higher than anticipated donations, but not an expected increase in use. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Fund Projects.** The National Guard requests \$3.0 million from Rhode Island Capital Plan funds to be used as the state match to federal National Guard Bureau funds for capital projects. The revised request is \$1.4 million more than enacted, and reflects an accelerated project timeline for the roof replacement at the Armories of Mounted Command building, as well as the removal of funds for a feasibility study regarding the construction of a new Emergency Management building.

*The Governor recommends \$2.0 million, \$0.4 million more than enacted and \$1.1 million less than requested. Consistent with his capital recommendation, the Governor decreases the requested funding level by \$1.3 million for the Armory of Mounted Commands and \$21,183 for maintenance facility fire*

alarms. *The recommendation also includes \$0.2 million more than requested for asset protection, \$0.1 million for a study involving a new building for the Emergency Management Agency and \$15,000 more from Rhode Island Capital Plan funds for roof repairs at the Guard's federal maintenance shop.*

### **Emergency Management Agency**

**Salaries and Benefits.** The Military Staff requests \$32,964 more than enacted from all funds for salaries and benefits in the Emergency Management Agency. Funding is used for 28.0 full-time equivalent positions, and does not include any turnover. The enacted budget included turnover savings of \$37,000, and the revised request restores the unachieved amount of personnel savings. *The Governor's recommendation eliminates 1.0 administrative manager position and adds 1.0 chief of information and public relations position. Total funding includes \$2.6 million, \$7,530 less than requested to reflect medical benefit savings.*

**Indirect Cost Recovery.** The Military Staff requests \$220,000 from general revenues to cover expenditures that were to come from restricted receipts derived from indirect costs recovered on federal grants. The enacted budget includes this amount; however, the Agency notes that it is pursuing the funding originally included in its budget. According to the Military Staff, it had originally begun negotiating its new indirect rate in September of 2010 by researching options with its federal sponsor, the Federal Emergency Management Agency. Subsequently, the Agency met with representatives from the Department of Administration and the Federal Emergency Management Agency for further guidance regarding a new indirect cost rate. The Agency is currently working to finalize the rate request for submittal to the federal Department of Human Services, which is the federal agency responsible for all indirect cost proposals. The Military Staff is continuing communications on the federal level to resolve questions concerning the calculations of the indirect cost rate. The Agency has completed approximately 65 percent of the proposal and is awaiting resolution of its questions to make further progress with the proposed plan. *The Governor recommends funding as requested.*

**Urban Areas Security Initiatives.** The Military Staff requests \$4.4 million, \$1.1 million more than enacted from federal funds for Urban Areas Security Initiative grant funding. The program is intended to assist participating jurisdictions in developing integrated regional systems for crime prevention, citizen protection, incident response and post-incident recovery. The increase in the request reflects actual awards and expenditures from the grants for FY 2012. *The Governor recommends funding essentially as requested, but adds \$425 to reflect the funds from medical benefit savings available for operating expenditures.*

**Tropical Storm Irene.** In August of 2011, Tropical Storm Irene touched down in Rhode Island resulting in flood and wind damage throughout the state. Due to the severity of the damages, state and quasi-state agencies, hospitals, fire districts, colleges, utilities and municipalities were eligible for federal reimbursement of costs incurred to repair the damage. Due to the timing of the storm there was no funding in the enacted budget for the reimbursements; however, the Military Staff's FY 2012 revised request includes \$10.9 million for the reimbursements.

Subsequently, the Military Staff submitted a corrective action plan which included a \$0.4 million general revenue reduction to reflect a revision to the required state match for the federal reimbursements.

*The Governor recommends \$2.0 million less than requested including \$0.4 million less from general revenues and \$1.6 million less from federal funds to reflect an updated estimate of the projected reimbursement and the corresponding state match.*

**Homeland Security Grants.** The Military Staff requests \$1.2 million less than enacted from federal funds to reflect actual awards and expenditures from these grants for FY 2012. The funds are intended to enhance the capacity of emergency responders when faced with incidents of terrorism involving weapons of mass destruction. *The Governor recommends \$0.6 million more than requested to reflect a 2011 award for homeland security that was not included in the request due to the timing of the award.*

**Statewide Communications Network.** The Agency requests \$0.9 million, \$0.6 million more from federal funds and \$8,006 more from general revenues for the Rhode Island Statewide Communications Network. Funds are used to support 2.0 full-time staff positions as well as the radio system that is used to expedite emergency phone calls, maintain communication with all political subdivisions in the state and the emergency radio communication system that allows all hospitals, the Department of Health, and Emergency Management to be on a private radio system in order to effectively respond to all types of disasters. The increase reflects planned expenditures for maintenance and repairs to the system's infrastructure throughout the state. *The Governor recommends funding as requested.*

**Emergency Operations Center Grant.** The Military Staff requests \$1.4 million from federal emergency operations center grants. Funds are used to support state and local governments to sustain and enhance emergency management capabilities for all potential hazards. The request is \$0.6 million more than enacted to reflect actual awards and expenditures from these funds for FY 2012. *The Governor recommends funding as requested.*

**2007 Rain Storm.** The Military's request includes \$0.5 million more from federal funds for the City of Newport to make repairs to the Easton Pond Dam, which was damaged during a rain storm in the spring of 2007. The City applied for these funds through the Emergency Management Agency, which received the funding in order to transfer it to the City. Due to numerous construction delays on the City's behalf, the funding is being requested in the current year to reflect the revised project status. *The Governor recommends funding as requested.*

**March 2010 Flood.** The Emergency Management Agency is coordinating the reimbursement of Federal Emergency Management Agency funds to all state agencies, quasi-agencies and municipalities for projects submitted as a result of the March 2010 flood. The Agency requests \$4.3 million from all funds for flood expenses, including the state match of \$0.1 million from general revenues. The Agency indicates that the majority of reimbursements occurred during FY 2011, including \$20.0 million that was included in the FY 2011 final budget. The Federal Emergency Management Agency provides a 90.0 percent reimbursement of eligible expenses incurred from the flood. Approximately 454 individual projects have been submitted for reimbursement; however, the Agency indicates that it is difficult to predict what projects and expenditure amount the Federal Emergency Management Agency will authorize. Because of this, the request is \$0.3 million more than enacted from federal funds for planned reimbursements in FY 2012. *The Governor recommends funding as requested.*

**All Other Operations.** The Military Staff requests \$0.6 million more than enacted from all funds for all other operations in the Emergency Management Agency. This includes increases of \$0.6 million from federal funds and \$16,100 from restricted receipts offset by \$7,513 less from general revenues. The change in federal funds primarily reflects increases in awards for transit security and hazardous materials response. *The Governor recommends \$1.6 million more than requested, primarily to reflect federal funding that was not included by the Agency in its request due to the timing of the award. This includes \$1.0 million more for the emergency management procedures grant, \$0.3 million more for terrorism prevention and \$0.1 million more for hazardous materials preparedness and prevention.*

## Department of Public Safety

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 6,098,907	\$ 5,169,481	\$ 5,428,778	\$ 5,424,744
E-911	5,069,769	4,772,358	5,193,940	5,270,886
Fire Marshal	3,029,258	4,688,784	4,873,658	5,034,623
Capitol Police	3,227,559	3,306,728	3,479,172	3,455,378
Sheriffs	-	16,656,866	17,226,021	16,983,268
Municipal Police Training Academy	712,459	659,498	646,434	645,266
State Police	70,673,538	69,196,662	74,097,927	73,653,619
<b>Total</b>	<b>\$ 88,811,490</b>	<b>\$ 104,450,377</b>	<b>\$ 110,945,930</b>	<b>\$ 110,467,784</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 51,951,982	\$ 70,170,135	\$ 74,237,501	\$ 73,885,085
Contracted Services	894,916	1,591,966	1,230,855	1,393,355
<b>Subtotal</b>	<b>\$ 52,846,898</b>	<b>\$ 71,762,101</b>	<b>\$ 75,468,356</b>	<b>\$ 75,278,440</b>
Other State Operations	7,771,719	6,852,068	7,573,935	8,039,686
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,427,094	21,866,318	22,043,982	22,043,982
Capital	6,765,779	3,969,890	5,859,657	5,105,676
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 88,811,490</b>	<b>\$ 104,450,377</b>	<b>\$ 110,945,930</b>	<b>\$ 110,467,784</b>
<b>Sources of Funds</b>				
General Revenue	\$ 69,087,146	\$ 89,407,711	\$ 93,461,560	\$ 93,059,827
Federal Aid	9,267,356	7,647,988	8,609,817	9,069,285
Restricted Receipts	209,090	335,749	98,351	300,351
Other	10,247,898	7,058,929	8,776,202	8,038,321
<b>Total</b>	<b>\$ 88,811,490</b>	<b>\$ 104,450,377</b>	<b>\$ 110,945,930</b>	<b>\$ 110,467,784</b>
<b>FTE Authorization</b>	<b>423.2</b>	<b>605.8</b>	<b>611.2</b>	<b>606.2</b>
<b>FTE Average</b>	<b>395.2</b>			

**FY 2012 Revised Request.** The Department of Public Safety requests expenditures of \$6.5 million more than enacted from all sources, including \$4.1 million more from general revenues, \$1.0 million more from federal sources, \$0.2 million less from restricted receipts and \$1.7 million more from Rhode Island Capital Plan funds.

*The Governor recommends \$6.0 million more than enacted from all sources, including \$3.7 million more from general revenues, \$1.4 million more from federal sources, \$0.2 million more from restricted receipts and \$1.0 million more from Rhode Island Capital Plan funds. He recommends 0.4 positions more than enacted and 5.0 positions fewer than requested.*

**Staffing Authorization.** The Department requests staffing authorization of 611.2 full-time positions or 5.4 positions more than authorized. The Department includes 5.4 additional positions including 0.4 in Central Management and 5.0 in the Division of Sheriffs. *The Governor recommends 606.2 full-time equivalent positions, he does not include the 5.0 new positions for the Sheriffs.*

**Corrective Action Plan.** Subsequent to the Department's revised request submission, the Department submitted a corrective action plan that includes general revenue turnover savings of \$1.5 million from the elimination of 25.0 full-time equivalent positions beginning in March 2012. The Department indicated it has not determined which positions will be eliminated; however, noted it will attempt to spread these savings across the Department in a proportional manner. *The Governor did not accept this proposal; however, he did accept other proposals and these are described separately.*

### **E-911 Telephone System**

**Salaries and Benefits.** The Department requests \$4.1 million from general revenues for salaries and benefits, which is \$50,573 more than the enacted. The request includes unachieved turnover savings of \$182,568 from filling three vacant telecommunicator positions between October 2011 and January 2012 and hiring an assistant shift supervisor in December 2011.

The request also reflects a decrease of \$43,577 for benefit expenses and \$3,303 more for overtime expenditures but fails to incorporate the proper benefits and underfunds it by \$15,332. All other benefit adjustments are consistent with the FY 2012 planning values and reflect employee benefit choices. The Department's request also inadvertently excludes holiday pay for members of E-911; because of this, the request is underfunded by \$88,183.

*The Governor recommends \$0.1 million more than requested, which restores the holiday pay for members, and incorporates the proper benefits and medical benefit holiday savings.*

**Geo-Code Upgrade.** The Department requests \$240,000 from all sources, including \$90,000 from general revenues to update the information contained on the pictometry database. The pictometry database project was completed in FY 2009 and was subsequently updated in FY 2010 through available federal funds.

Subsequently, the Department submitted a corrective action that excludes the general revenue increase. *The Governor recommends the requested \$90,000 from general revenues.*

**Telephone Charges.** The Department requests \$339,500 for expenditures related to providing 911 access. This is \$71,507 more than enacted for a monthly average cost of approximately \$28,300. The average cost per month for the last five calendar years is \$22,494. As of February 10, 2012, the Department has spent \$156,136 in FY 2012, approximately \$22,300 per month. The request appears to be overstated as the Department has been unable to provide any additional information as to the need for the additional funding. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$59,502 more than enacted from general revenues for all other E-911 operating expenses. General revenue changes include \$34,601 for utility expenses associated with the new State Police and Public Safety Headquarters and E-911 Public Safety Answering Point. The Department requests \$6,300 for a new server to operate at the alternate public safety answering point, \$12,600 for a master street address guide server for the primary public safety answering point, \$333 more for two computer maintenance contracts and \$5,668 more for other miscellaneous expenses. *The Governor recommends funding as requested.*

## Fire Marshal

**Salaries and Benefits.** The Department requests \$0.1 million more than enacted for salaries and benefits. This includes \$0.1 million for unachieved turnover savings from a plan to fill two vacant positions by January 1, 2012. The request reflects a decrease of \$35,462 to correct an error in the enacted budget in the calculation of employee medical benefit choices and for benefit rate changes consistent with the FY 2012 planning values. This decrease is offset by an increase of \$28,923 for overtime expenditures but fails to incorporate the proper benefits, underfunding it by \$10,432. *The Governor recommends \$31,299 less than requested, which includes additional turnover savings from maintaining a position vacant for the remainder of the fiscal year, medical benefit holiday savings and the correct benefit rates.*

**Grant Adjustments.** The Department requests \$0.7 million from federal funds for the purchase of equipment and fire safety supplies, which includes \$0.3 million carried forward from FY 2011. The request includes \$0.5 million from Homeland Security funds for the purchase of an all-terrain vehicle, bomb suits, body armor, and other equipment. The remaining \$0.2 million will be utilized for the training of local fire departments for first responder and emergency response to hazardous materials procedure training. *The Governor recommends funding as requested.*

**Fire Training Academy.** The FY 2012 enacted budget includes \$202,000 from restricted receipts for operation expenditures at the Fire Training Academy. This includes \$75,000 for trainings to occur at the academy, \$20,000 for heating oil, \$30,000 for the operation of the control burn facility, \$7,000 for other utility expenses, \$21,500 for maintenance to the facility \$5,000 for snow removal, \$27,200 for telephone expenses, \$16,300 for other miscellaneous operating expenses. The Department's request inadvertently excludes funding for the training academy. After the Department was alerted of this error by staff, the Department noted that funding included in the enacted budget is sufficient for activities to occur at the training academy. *The Governor includes \$264 more than enacted to add funds available from medical benefit savings as operating expenditures.*

**Other Operating.** The Department requests \$4,267 more than enacted from general revenues for all other operating expenses. The request includes increases for vehicle and computer maintenance offset by decreases for telephone and other miscellaneous expenses.

Subsequently, the Department submitted a corrective action plan that reduces vehicle maintenance expenses by \$10,000. *The Governor recommends funding consistent with the Department's corrective action plan.*

**Capital.** The Department requests \$1.3 million, the enacted amount, from Rhode Island Capital Plan funds to build a 7,500 square feet classroom and administrative building for the State Fire Training Academy. *The Governor recommends funding as requested.*

## Capitol Police

**Salaries and Benefits.** The Department requests \$187,957 more than enacted from general revenues for salary and benefit expenses. The request restores unachieved turnover savings of \$233,567 from filling three vacant positions by January 1, 2012. The Department's request decreases benefit expenses by \$41,102 based upon employee medical benefit choices, clothing allowances and benefit rate changes consistent with the FY 2012 planning values but fails to incorporate the proper benefits, underfunding it by \$20,287. It appears the Department eliminated holiday pay for E-911 and the Capitol Police, in error. For the Capitol Police this value is \$4,508.

*The Governor recommends \$23,794 less than requested to reflect additional turnover savings from maintaining a vacancy, medical and the correct benefit rates.*

**Other Operations.** The Department requests \$15,513 less than enacted for all other operating expenses, which is consistent with prior year spending. *The Governor recommends funding as requested.*

### **Sheriffs**

**New Positions.** The Department's request reflects the addition of one Deputy Sheriff-Major, two Deputy Sheriff-Captains, and two Deputy Sheriff-Lieutenants to replace the Executive High Sheriff, the Sheriff of Kent County and three Chief Deputy Sheriffs each of whom completed their ten year terms on November 26, 2011. The request includes \$581,193 and 5.0 full-time equivalent positions. The Department chose not to renew the terms of these appointed positions; however, did not include any turnover savings based upon their departure, and does not eliminate the positions as it did in the FY 2013 request.

Subsequently, the Department submitted a corrective action plan that included turnover savings of \$375,000 from the five vacant positions. *The Governor recommends funding as requested and does not include the additional turnover savings; however, does not recommend the 5.0 new positions.*

**Other Salaries and Benefits.** The Department requests \$154,133 more than enacted for all other salary and benefit expenses. The Department restores unachieved turnover savings of \$354,945 in FY 2012 by filling three vacant positions in January 2012. The request also includes additional overtime expenses of \$131,871, which is consistent with FY 2011 spending totals. The increases are offset by a reduction of \$332,683 to correct an error in the FY 2012 enacted budget in the assessed fringe benefit calculation and other benefit rate changes consistent with the FY 2012 planning values but fails to incorporate the proper benefits, underfunding it by \$44,484.

*The Governor recommends \$242,753 less than requested to reflect additional turnover savings of maintaining two vacancies, a reduction in overtime expenses, medical and the correct benefit rates.*

**Other Operations.** The Department requests \$743,642 from general revenues or \$166,171 less than enacted for all other operating expenses, which is consistent with prior year spending. *The Governor recommends funding as requested.*

### **Municipal Police Training Academy**

**Salaries and Benefits.** The Department requests \$2,423 more from general revenues for salaries and benefits to reflect current staffing and benefit rate adjustments consistent with Budget Office instructions. *The Governor recommends funding essentially as requested but includes \$1,168 less than requested for the medical benefit holiday.*

**Grant Adjustments.** The Department requests \$14,878 less than enacted for all grant adjustments. The request includes \$18,018 less than enacted for in-service training in the fields of drug recognition and standard field sobriety tests, \$7,000 more than enacted for community policing and problem solving in addition to the reintegration of war veterans to police forces and \$6,050 less from Byrne Grant funding to conduct in-service training programs. The Department also requests \$3,536 more than enacted to reflect funds carried forward from FY 2011 for a basic training coordinator contract position

and operating expenses offset by \$1,346 less than enacted for the curriculum and assessment coordinator contract position. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$609 less from general revenues for all other operating expenditures. In its request, the Department excludes vehicle payments which have been completed, offset by increases for telephone expenses, tactical supplies, postage and employee state travel expenses. *The Governor recommends funding as requested.*

### State Police

**State Police Contract Adjustment.** The Department requests \$1.4 million more than enacted from general revenues for salary and benefit adjustments made pertaining to the recently negotiated settlement with the Rhode Island State Police Troopers Association. All members of the Rhode Island Troopers Association collective bargaining unit covered by the "three year" extension received an across-the-board wage increase of 3.0 percent, effective May 1, 2010 and May 1, 2011. The previous Rhode Island State Police Troopers Association contract agreement ran from May 1, 2006, through April 30, 2009, with a one-year extension that ended on April 30, 2010. The new contract runs through April 30, 2013. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding the adjustments for the State Troopers contract, the Department requests \$1.3 million more than enacted from all sources for all other salaries and benefits, including \$650,067 more from general revenues. The request includes step increases and benefit adjustments of \$0.9 million offset by other benefit rate changes and employee benefit choices decreasing by \$0.3 million but fails to incorporate the proper benefits, underfunding it by \$0.1 million.

The request also includes an increase of \$0.5 million from the Department of Transportation for road construction site reimbursement. The Department also includes \$0.2 million more from federal grants based upon work the Department is eligible to charge towards grants. Eligible employees are required to contribute toward the costs of their health insurance based on percentage of premiums for either individual or family plans and salary range. The request is \$0.2 million less than enacted for medical benefit adjustments based upon revised co-share rates included in the negotiated Rhode Island State Trooper Association contract.

Subsequently, the Department submitted a corrective action plan that includes turnover savings of \$64,060 from the elimination of the witness protection coordinator position on February 1, 2012.

*The Governor recommends funding essentially as originally requested reducing expenses by \$123,812 from the medical benefit holiday. The Governor did not concur with the Department's corrective action plan.*

**Pay-Go Pensions.** The Department requests \$17.7 million for pensions for troopers hired before July 1, 1987. These pensions are funded through a general revenue appropriation and are projected to exceed the enacted budget by \$177,189. Changes to the enacted budget assumptions include two more widow's pensions and five more regular pensions, as the result of eight new retirees and the deaths of five pensioners. *The Governor recommends funding as requested.*

**Vehicle Maintenance.** The Department requests \$145,359 more than enacted from general revenues for vehicle maintenance costs. It should be noted that the Department requested \$145,748 less than enacted for vehicle maintenance expenses in its FY 2011 revised budget; however, the Department

spent \$212,934 more than enacted for vehicle maintenance costs in FY 2011. The Department includes an increase for vehicle maintenance expenses as the number of older vehicles have increased.

Subsequently, the Department submitted a corrective action plan that reduced vehicle maintenance costs by \$20,000. *The Governor recommends funding consistent with the Department's corrective action plan.*

**Fleet Replacement.** The Department requests \$1,916 less than enacted for fleet replacement costs. This decrease reflects debt service for vehicles that have already been purchased. The repayment schedule is provided by the Budget Office and the amount was miscalculated in the enacted budget. *The Governor recommends funding as requested.*

**Headquarter Operating Expenses.** The Department requests \$149,216 more than enacted for operating supplies and expenses for the new State Police Headquarters building. The State Police Headquarter and E-911 Public Safety Answering Point building was dedicated on October 22, 2010. The FY 2012 enacted budget includes \$0.4 million for estimated annual operating expenses. The Department requests \$0.6 million based upon FY 2011 actual expenditures of \$0.5 million. *The Governor recommends funding as requested.*

**Computer Maintenance.** The Department requests \$520,500 from general revenues or \$46,402 less than enacted for computer maintenance contracts for the Rhode Island Law Enforcement Telecommunications System that was recently installed at the new State Police headquarters. The Department presently does not have the expertise to maintain this system, a "one-year" maintenance contract was included with the installation of the system. The contract expired in July 2011 and the Department believes that it does not have the expertise to properly maintain this server. The Department's initial request was based upon anticipated figures; however, the Department was able to negotiate a price change prior to agreement of a contract with the company Computer Projects of Illinois. *The Governor recommends funding as requested.*

**Port Security.** The Department requests \$0.9 million from federal funds to purchase new equipment for the State Police dive team. This request includes \$442,591 more than enacted. Staff brought this to the attention of the Department and the Department noted that this appeared to be an error as the Department plans to purchase equipment including an underwater vehicle, a truck to transport the vehicle, detection equipment and to upgrade other related dive equipment. *The Governor recommends funding as requested.*

**Grant Adjustments.** The Department requests \$45,507 less than enacted for other grant adjustments. This includes \$48,022 of new federal funding to coordinate and provide victims' assistance programs and \$16,150 more than enacted to reflect carry forward funds for the Rhode Island Fusion Center. These increases are offset by the Department's request of \$0.1 million less than enacted to establish a statewide multi-agency law enforcement task force to target online predators and child exploitation investigations. *The Governor includes \$0.5 million more than requested for the Cyber Terrorism Task Force that was inadvertently excluded from the Department's request.*

**Training and Surveillance Equipment.** The Department requests \$50,000 from restricted receipts available from the forfeiture of seized money to purchase new equipment. This is the enacted amount. These revisions are based upon restricted receipts available from the number of arrests involving the seizure of money and property that was the direct result of illegal drug sales and gambling. In the past, it appears that the Department has been reluctant to utilize these resources for the purchase of equipment. *The Governor recommends funding as requested.*

**Other Operations.** The Department requests \$218,983 more than enacted from all sources, including \$155,730 more from general revenues for all other operations. This includes increases for staff training, uniforms, advertising campaigns, leased office equipment and increased traffic enforcement related activities for amounts consistent with previous spending history. It should be noted that the FY 2012 enacted budget includes \$1.0 million in unidentified statewide general revenue savings from applying reductions of 1.0 percent for operating costs in cabinet level departments. For the State Police, the operating reduction total was \$39,024.

Subsequently, the Department submitted a corrective action plan that includes general revenue operating savings of \$11,000 for supplies.

*The Governor recommends \$26,038 less than requested from all sources. The General revenue recommendation is \$128,630 more than enacted and \$27,100 less than requested, including \$16,100 less for office equipment and \$11,000 less for supplies, consistent with the Department's corrective action plan.*

**Capital.** The State Police requests \$3.7 million from Rhode Island Capital Plan funds for its capital projects or \$1.2 million more than enacted. This includes \$0.3 million more for improvements to the State Police Training Facility and Barracks, \$0.1 million more for repairs and renovations at 50 Service Avenue in Warwick, \$0.2 million more for improvements to the State Police Headquarters, \$0.2 million more for the new State Police Headquarters and \$0.3 million more for the Information Technology and Microwave Ring upgrade. Detailed descriptions of all projects appear in the Capital Budget Section of this publication.

*The Governor recommends \$3.0 million which is \$0.7 million less than requested for revised project schedules for the State Police Training Facility and Barracks, 50 Service Avenue, the State Police Headquarters and ne the State Police Headquarter building, A detailed description of all of the revisions appear in the Capital Budget Section of this publication.*

### Central Management

**New Positions.** The FY 2012 enacted budget includes an additional 2.6 full-time equivalent positions; however, did not include funding for these positions. The Department requests 0.4 positions more than authorized and funding for these 3.0 positions. The positions include a general counsel, an administrative assistant and a paralegal clerk. The total request to fund these positions is \$0.3 million. *The Governor recommends funding as requested.*

**Other Salaries and Benefits.** Excluding the new positions, the Department requests \$1.3 million, including \$1.1 million from general revenues for 12.6 full-time equivalent positions. This is \$9,990 less than enacted. The Department requests \$22,171 more than enacted for all other benefit expenses. This increase includes \$22,881 more than enacted from all sources for medical benefit choices. This increase is offset by turnover savings of \$32,160 from a reorganization within the division and employee responsibilities. *The Governor recommends funding essentially as requested; however reduces medical benefit expenses by \$6,536 from all sources based upon employee medical benefit choices.*

**Grant Adjustments.** The Department requests \$29,112 less than enacted from federal sources for all other grants. The request includes \$10,395 less than enacted for Crime Victim Assistance grant awards that allow the Department to support groups that assist victims of crime. The Department does not include funding for the Edward Byrne Memorial Justice Assistance grants, which is \$8,681 less than

enacted. This includes \$7,882 less than enacted for Juvenile Accountability grants, \$1,427 less for the Narcotics Control Assistance Program, \$594 less for the state justice statistics program, \$54 less for National Criminal Histories program grants, \$79 less for the Rhode Island Forensic Improvement Program and the enacted amount for United States Department of Justice grants to encourage arrest policies. *The Governor recommends \$2,502 more than requested to add funds available from medical benefit savings as operating expenditures.*

## Office of the Public Defender

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,855,554	\$ 9,668,306	\$ 9,590,885	\$ 9,547,072
Contracted Services	218,878	229,196	281,421	281,421
<b>Subtotal</b>	<b>\$ 9,074,432</b>	<b>\$ 9,897,502</b>	<b>\$ 9,872,306</b>	<b>\$ 9,828,493</b>
Other State Operating	807,183	845,709	894,944	873,797
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	77,982	100,000	101,596	101,596
Capital	31,299	33,730	41,999	41,999
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 9,990,896</b>	<b>\$ 10,876,941</b>	<b>\$ 10,910,845</b>	<b>\$ 10,845,885</b>
<b>Expenditures by Fund</b>				
General Revenue	\$ 9,493,813	\$ 10,300,580	\$ 10,423,174	\$ 10,358,214
Federal Aid	497,083	576,361	487,671	487,671
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 9,990,896</b>	<b>\$ 10,876,941</b>	<b>\$ 10,910,845</b>	<b>\$ 10,845,885</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>91.0</b>
<b>FTE Average</b>	<b>90.2</b>			

**FY 2012 Revised Request.** The Office of the Public Defender requests \$33,904 more than enacted from all sources, including \$122,594 more from general revenues and \$88,690 less from federal funds. Consistent with the enacted authorization, the Office requests 93.0 full-time equivalent positions.

*The Governor recommends \$31,056 less than enacted from all sources, including \$57,634 more from general revenues and \$88,690 less from federal funds. This is \$64,960 less than requested and 2.0 positions below the enacted authorized level to reflect the elimination of an attorney position for each the Drug Court and the Tri-County Screening project.*

**Purchased Technical Services.** The Office requests \$35,000 more than enacted from general revenues to purchase network engineering services to cover duties of a vacant technical director position. This is expected to help the Office in maintaining its technology infrastructure, while keeping the position vacant for the entire fiscal year. *The Governor recommends funding as requested.*

**Adult Drug Court Attorney.** The Office's revised budget shifts \$26,273 of expenditures from federal funds to general revenues for an attorney position to support the Adult Drug Court program. This reflects an unexpected expiration of federal funds and assumes general revenues are needed beginning in the fourth quarter of FY 2012. *The Governor does not include general revenue funding for this position. He eliminates the position, but also assumes available federal funds to maintain the responsibilities fulfilled by this position.*

**Tri-County Screening Attorney.** The Office's revised budget shifts \$63,709 of expenditures from federal funds to general revenues for an attorney position to support the Tri-County Screening project. This reflects an unexpected expiration of federal funds and assumes filling the position only for 15 pay-periods. This position is expected to handle transferred misdemeanor cases from the Sixth to the Third Division District Court due to 2011 legislation which requires a change in jurisdiction statutes to ease overcrowding in courthouses in Providence and Wakefield.

*The Governor does not include general revenue funding for this position. His FY 2012 revised recommendation eliminates the position.*

**Other Salaries and Benefits.** The Office requests \$57,976 less than enacted from all sources, including \$59,754 less from general revenues for all other salaries and benefits. This reflects additional turnover savings partially offset by added costs for medical premiums based on actual employee elections. Currently, the Office is averaging 90.3 filled positions or 2.7 positions below the authorized level. *The Governor recommends \$121,234 less than enacted, which is \$63,258 less than requested to reflect further reductions from turnover and the distribution of the medical benefit holiday savings.*

**Trial Related Expenses.** The Office requests \$17,225 more than enacted from all sources including \$18,225 from general revenues for trial related expenses for FY 2012. This includes \$10,750 for medical experts from an unpaid FY 2011 invoice. The remaining increase reflects added costs for court reporter and interpreter services based on a higher volume of clients opting for trials and a greater demand for interpreters of less common languages. *The Governor recommends funding as requested.*

**All Other Operations.** The Office requests \$39,655 more than enacted from all sources including \$39,141 more from general revenues for all other operations. This includes an upgrade to its operating software and virtualization of its servers, a higher tax rate and increased rental parking fees. *The Governor recommends \$1,702 less than requested, including \$2,671 less from general revenues to reflect further reductions for insurance expenses based on FY 2011 expenditure experience.*

## Department of Environmental Management

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditure by Program</b>				
Office of the Director	\$ 6,690,101	\$ 8,084,947	\$ 9,813,206	\$ 9,756,720
Bureau of Natural Resources	32,676,261	52,742,139	55,954,402	57,592,689
Bureau of Environmental Protection	26,980,264	36,693,313	37,313,484	37,604,162
<b>Subtotal</b>	<b>\$ 66,346,626</b>	<b>\$ 97,520,399</b>	<b>\$ 103,081,092</b>	<b>\$ 104,953,571</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 43,091,342	\$ 46,139,196	\$ 45,793,563	\$ 45,624,070
Contracted Services	4,745,242	14,938,155	14,603,555	14,870,055
<b>Subtotal</b>	<b>\$ 47,836,584</b>	<b>\$ 61,077,351</b>	<b>\$ 60,397,118</b>	<b>\$ 60,494,125</b>
Other State Operations	8,650,211	10,651,705	11,501,126	12,414,272
Aid to Local Units of Government	1,795	-	-	-
Assistance, Grants, and Benefits	5,264,230	7,747,922	8,245,022	8,330,090
Capital	4,546,314	17,993,421	22,887,826	23,665,084
Capital Debt Service	-	-	-	-
Operating Transfers	47,492	50,000	50,000	50,000
<b>Total</b>	<b>\$ 66,346,626</b>	<b>\$ 97,520,399</b>	<b>\$ 103,081,092</b>	<b>\$ 104,953,571</b>
<b>Sources of Funds</b>				
General Revenue	\$ 34,074,888	\$ 35,383,601	\$ 35,647,114	\$ 35,486,465
Federal Aid	19,885,601	38,356,542	41,567,555	42,777,296
Restricted Receipts	10,389,071	14,131,035	13,754,827	13,754,827
Other	1,997,066	9,649,221	12,111,596	12,934,983
<b>Total</b>	<b>\$ 66,346,626</b>	<b>\$ 97,520,399</b>	<b>\$ 103,081,092</b>	<b>\$ 104,953,571</b>
<b>FTE Authorization</b>	<b>410.0</b>	<b>410.0</b>	<b>410.0</b>	<b>410.0</b>
<b>FTE Average</b>	<b>389.9</b>			

**FY 2012 Revised Request.** The Department requests \$5.6 million more than enacted, including \$0.3 million more from general revenues, \$3.2 million more from federal funds, \$0.4 million less from restricted receipts, and \$2.5 million more from other funds. The request does not assume the transfer of the dispatch function from the Department of Environmental Management to the Department of Public Safety. The 2010 Assembly included Article 7 of 2010-H 7397 Substitute A, as amended, which mandated the transfer take place by January 1, 2011. The 2011 Assembly delayed the transfer until January 1, 2012.

*The Governor recommends \$105.0 million, \$7.4 million more than enacted, including \$0.1 million more from general revenues, \$4.4 million more from federal funds, \$0.4 million less from restricted receipts and \$3.3 million more from other funds. The recommendation includes the enacted level of 410.0 positions. The Governor's budget includes Article 4 to reverse the dispatch function transfer.*

## Administration

**Salaries and Benefits.** The Department requests \$109,449 less than enacted, including \$236,305 less from general revenues and \$126,856 more from restricted receipts for salaries and benefits in the Department's administration program. The general revenue decrease reflects two vacant positions, one hearing officer and one senior word processing typist. The request assumes these positions will be held vacant for all of FY 2012, though the Department indicates that it intends to fill these positions. The increase in restricted receipt funding reflects the Department's ability to offset more salary and benefit costs to indirect cost recoveries from federal grants. *The Governor recommends \$16,311 less than requested to reflect savings from the medical benefits holiday.*

**Office Facilities.** The Department requests \$98,475 more from general revenues, including \$113,057 more for rent offset by \$14,582 less for utilities at its headquarters facility located at the Foundry Building in Providence. In March 2005 the Department entered a ten-year lease agreement with the Foundry Associates, which is in effect from July 8, 2006 through July 7, 2016. The State Water Resources Board paid a pro-rated share of the rent while it occupied space in the Foundry Building from FY 2009 until the end of FY 2011, including \$15,100 in rental payments in FY 2011, and 13.4 percent of the increase in rent can be attributed to the Board's departure. *The Governor recommends funding as requested.*

**Bays, Rivers and Watersheds.** The Department requests \$39,010 more from the Bays, Rivers and Watersheds restricted receipt account. The funding is derived from a \$1 per hundred gallons charge on septage disposal in the state and is used to fund the Bays, Rivers and Watersheds Coordination Team, which is responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The request is increased to more accurately reflect available funding and actual work for the remainder of the year. *The Governor recommends \$1,491 more than requested to reflect additional funds now available through savings from the medical benefits holiday.*

**One-Stop Reporting.** The Department requests \$138,500, which is \$22,200 more than enacted from federal funds for the One-Stop Reporting Program. This program provides consulting and technology to the Department to upgrade its communication technology as well as insuring it is capable of uploading air quality information obtained by the Department to the national system, which is operated by the Environmental Protection Agency. The request more accurately reflects the anticipated expenditures. *The Governor recommends funding as requested.*

**Stimulus – DEM Renewable Energy Projects.** The Department of Environmental Management requests \$1.0 million from federal funds to install solar panels at nine Department facilities. The work is being funded from a transfer of American Recovery and Reinvestment Act funds from the Department of Administration's Office of Energy Resources. The solar panels are designed to turn the energy from the sun into electricity that will be used to offset the energy needs at these state facilities. The request reflects available funds and anticipated expenditures for FY 2012. *The Governor recommends \$1.5 million, \$0.5 million more than requested to reflect additional funds awarded after the Department submitted its request.*

**Stimulus - Fishermen's Wind Turbine.** The Department requests \$696,129 from federal funds to install a wind turbine at Fishermen's Memorial State Park and Campground not included in the enacted budget. The project is funded through American Recovery and Reinvestment Act funds and the wind turbine will power all of the campsites at Fishermen's Park providing renewable energy to the campers. The request reflects the revised project schedule and anticipated expenditures for FY 2012. *The*

*Governor recommends \$150,000, which reflects that the Department inadvertently requested \$546,129 more than it intended for this project.*

**All Other.** The Department requests \$18,106 less than enacted from general revenues for all other operating expenditures in the Office of the Director. This includes \$6,870 less for telephone expenses. *The Governor recommends \$4,463 more than requested to reflect additional funds which are now available through savings from the medical benefits holiday.*

### **Bureau of Environmental Protection**

**Salaries and Benefits.** The Department requests \$398,997 more than enacted for salaries and benefits in the Bureau of Environmental Protection. This includes increases of \$252,571 from general revenues, \$38,912 from federal funds, and \$107,514 from restricted receipts. The request includes one vacant senior environmental scientist position and also reflects unachieved turnover in the Bureau. *The Governor recommends \$74,125 less than requested to reflect savings from the medical benefits holiday.*

**Federal Grants.** The Department requests \$45,843 less than enacted from federal funds to more accurately reflect the Department's anticipated award for six grants in the Bureau of Environmental Protection. Changes include \$50,000 more for air pollution control, \$115,000 more for underground storage tank compliance activities and \$275,000 less for leaking underground storage tank programs. The Department indicates that the stimulus grant for leaking underground storage tanks closed on September 30, 2011. *The Governor recommends \$0.1 million more than requested, which includes \$89,068 more in available funds for leaking underground storage tank programs. The Department had inadvertently excluded these funds from its request.*

**Diesel Emissions Program.** The Department requests an additional \$1.2 million from federal funds for its diesel emission reduction program. The program is funded through American Recovery and Reinvestment Act funds and lowers diesel emissions by retrofitting state-owned vehicles with diesel emission reduction technology or by partially funding the replacement of diesel powered vehicles in the state or municipal fleet. The additional funds are being requested to more accurately reflect the available funding for FY 2012. The Department has received an extension from the Environmental Protection Agency and now has until March 31, 2012 to spend the funds. *The Governor recommends funding as requested.*

**Brownfields.** The Department requests \$135,000 more from federal funds for brownfields rehabilitation projects throughout the state. Properties classified as brownfields include any property that cannot be developed, expanded or reused due to the presence of an environmental hazard. The Department currently operates a brownfields program funded through federal funds, and the Department's revised request includes \$135,000 more to reflect additional funds made available through the American Recovery and Reinvestment Act of 2009. *The Governor recommends \$0.3 million more than requested to reflect the actual amount of stimulus funds available to the Department in FY 2012.*

**Environmental Protection All Other.** The Department requests \$1.1 million less than enacted for all other operating expenditures in the Bureau of Environmental Protection. This includes \$33,109 more from general revenues, \$0.3 million less from restricted receipts and \$0.8 million less from other funds. The restricted receipt amount includes \$235,000 less for the Environmental Response Fund II to reflect anticipated revenues. The reduction in other funds is due to less funding available for retrofitting heavy-duty diesel vehicles. *The Governor recommends \$42,327 less than requested. This includes \$51,500 less from general revenues for environmental remediation work at the Rose Hill*

*Landfill to better reflect historical expenditures and \$9,173 more from restricted receipts to reflect funds which are now available through savings from the medical benefits holiday.*

## **Bureau of Natural Resources**

**Parks and Recreation.** The Department requests \$377,893 more from general revenues for its Division of Parks and Recreation. The request reflects increases of \$824,660 for operating supplies and expenses and \$15,800 for contracted services, partially offset by decreases of \$461,567 for salaries and benefits and \$1,000 for capital purchases and equipment. The Department has spent \$316,755 in FY 2012 for the state share of debris removal and emergency measures associated with Tropical Storm Irene. The Department has not achieved the savings that were included in the enacted budget and its revised budget proposal closely mirrors the historical spending of the Division. *The Governor recommends \$826,827 more than requested. This includes \$850,000 more from federal funds for Tropical Storm Irene expenses and a reduction in general revenues to reflect savings from the medical benefits holiday.*

**Salaries and Benefits.** Excluding the Division of Parks and Recreation, the Department requests \$173,614 less than enacted for salaries and benefits in the Bureau of Natural Resources. This includes \$210 less from general revenues, \$5,404 more from federal funds, \$227,519 less from restricted receipts and \$48,711 more from other funds. The restricted receipt amount primarily reflects a decrease in salaries funded by saltwater fishing license receipts. The Department indicates that it is not anticipating turnover in the Bureau in FY 2012. *The Governor recommends \$59,884 less than requested to reflect savings from the medical benefits holiday.*

**Capital Projects.** The Department requests \$7.2 million from Rhode Island Capital Plan funds for seven capital projects. The request is \$1.4 million more than enacted, including \$0.5 million more for improvements to the state's recreational facilities, \$1.3 million more for upgrades to the areas surrounding Fort Adams in anticipation of hosting America's Cup pre-regatta races, and \$1.0 million less for improvements to Fort Adams State Park. *The Governor recommends \$7.9 million for eight projects, which is \$0.7 more than requested. Detailed project descriptions are in the Capital Budget Section of this analysis.*

**Blackstone Valley Bikepath Design.** The Department requests \$1.9 million for architectural and engineering work on the Blackstone Valley Bikepath. The work is being funded from a transfer of federal funds from the Department of Transportation. The Department of Environmental Management indicates that due to an oversight, it did not request funding for this project in the enacted budget. *The Governor recommends \$88,659 more than requested to reflect revised architectural and engineering expenditures.*

**Federal Grants.** The Department requests \$152,949 more than enacted from federal funds to reflect changes to 10 separate federal grants throughout the Bureau of Natural Resources. Major changes include \$119,000 less for estuarine reserve construction, \$61,197 more for license vendor outreach and support and \$160,500 more for the Narragansett Bay Window Program. The Bay Window Program has been extended until September 30, 2012 and the other changes are being requested to reflect planned activities and receipts. *The Governor recommends \$42,835 more than requested, which includes an additional \$18,000 award for lobster sampling.*

**Saltwater Fishing License Receipts.** The Department requests \$139,415 less than enacted from restricted receipts for capital costs related to operations of the state's saltwater fishing license program for which the enacted budget includes \$0.4 million. The decrease is based on projected available

receipts as well as its need for equipment to issue the licenses and track catch related data. *The Governor recommends \$308 more than requested to reflect additional funds now available through savings from the medical benefits holiday.*

**Payments to Host Beach Communities.** The Department requests \$105,642 less than enacted from general revenues for payments to host beach communities to reflect actual payments. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 16.0 percent of all daily parking fees collected from Memorial Day to Labor Day. *The Governor recommends funding as requested.*

**Natural Resources All Other.** The Department requests \$155,834 less than enacted for all other operating expenditures in the Bureau of Natural Resources. This includes \$138,272 less from general revenues, \$24,700 more from restricted receipts and \$42,262 less from other funds. The general revenue amount includes reductions in the Division of Agriculture, including \$74,255 less for landscaping supplies and \$11,707 less for printing costs. *The Governor recommends \$4,425 more than requested to reflect additional funds which are now available through savings from the medical benefits holiday.*



## Coastal Resources Management Council

	FY 2011	FY 2012	FY 2012	FY 2012
	Reported	Enacted	Rev. Req.	Revised
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,226,547	\$ 3,445,140	\$ 3,413,238	\$ 3,377,058
Contracted Services	1,101,067	728,101	3,236,472	3,236,472
<b>Subtotal</b>	<b>\$ 4,327,614</b>	<b>4,173,241</b>	<b>\$ 6,649,710</b>	<b>\$ 6,613,530</b>
Other State Operations	123,893	99,534	160,446	166,290
Assistance, Grants, and Benefits	1,250,100	-	200	200
Capital	23,185	981,600	1,439,200	1,010,100
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 5,724,792</b>	<b>\$ 5,254,375</b>	<b>\$ 8,249,556</b>	<b>\$ 7,790,120</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,063,094	\$ 2,236,814	\$ 2,269,483	\$ 2,239,147
Federal Aid	3,501,698	2,038,461	4,571,873	4,571,873
Restricted Receipts	160,000	250,000	679,100	250,000
Other	-	729,100	729,100	729,100
<b>Total</b>	<b>\$ 5,724,792</b>	<b>\$ 5,254,375</b>	<b>\$ 8,249,556</b>	<b>\$ 7,790,120</b>
<b>FTE Authorization</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
<b>FTE Average</b>	<b>30.0</b>			

**FY 2012 Revised Request.** The Coastal Resources Management Council requests \$3.0 million more than enacted from all sources, including \$32,669 more from general revenues, \$2.5 million more from federal funds and \$0.4 million more from restricted receipts. Most of the federal funds requested would be used for ecosystem restoration projects throughout the state. While the request is for the enacted amount of 30.0 full-time positions, the Council currently has one vacant position and indicates that it does not intend to make any hires in FY 2012. *The Governor recommends \$7.8 million, \$2.5 million more than enacted and \$0.5 million less than requested.*

**Salaries and Benefits.** The Council requests \$31,902 less for salaries and benefits, including \$28,709 more from general revenues and \$60,611 less from federal funds. The Council has eliminated one engineering position because of a decrease in federal funding, and the layoff occurred at the end of the first quarter of FY 2012. The Council currently has 29.0 full-time equivalent positions filled, one less than authorized, and indicates that it does not intend to make any hires in FY 2012. The request does not include the savings from the medical benefits holiday. *The Governor recommends \$36,180 less than requested, including \$30,509 less from general revenues to reflect turnover savings for one quarter of the fiscal year and the medical benefit holiday savings.*

**Legal Services.** The Council requests \$126,000 for legal services, including \$90,000 from general revenues and \$36,000 from federal funds. The request is consistent with the enacted amount. The enacted budget includes these expenditures from federal funds to reflect an initiative by the Council to

shift a portion of the general revenue funded legal costs to federal sources. *The Governor did not recommend changes to the enacted budget for legal services.*

**River Ecosystem Restoration.** The Council requests \$2.0 million more than enacted from federal funds to reflect a grant from the National Oceanographic and Atmospheric Administration. Funding will be used for six individual projects in the Ten Mile and Pawcatuck River watersheds that will restore access to the rivers for migratory fish as well as restoring the surrounding habitat. The request reflects the revised project schedule and the Council's anticipated FY 2012 award. *The Governor recommends funding as requested.*

**Management Plans.** The Council requests \$26,000, or \$16,000 more than enacted from federal funds for FY 2012 for contracts with the University of Rhode Island and Roger Williams University to develop management plans for coastal waters throughout the state. Historically, the Council requests funding for this program in its revised request to more accurately reflect the anticipated federal award. *The Governor recommends funding as requested.*

**Other Federal Grant Adjustments.** The Council requests \$0.5 million more than enacted to reflect changes to four federal grant programs. The request includes \$0.2 million more for aquaculture research projects throughout the state, \$0.1 million more for restoration projects in Narragansett Bay, \$41,434 more for the aquatic invasive species management program and \$0.1 million more for Ocean Special Area Management Plan funds, which are used by the Council for contracts with local colleges and universities to study the feasibility of renewable energy projects in the state's coastal waters. *The Governor recommends funding as requested.*

**Capital Projects.** The Council requests \$1.4 million for three capital projects, including \$0.4 million more from restricted receipts to complete habitat restorations along the southern coast of Rhode Island. The request for the South Coast Restoration Project is not consistent with the Council's approved FY 2012 through FY 2016 capital plan, as the capital plan authorizes funding from Rhode Island Capital Plan funds while the operating request includes funding from the Oil Spill Prevention, Administration and Response Fund. Also, the request is not consistent with the Council's FY 2013 through FY 2017 capital request in that different fund sources are requested for the South Coast Restoration Project. *The Governor recommends \$1.0 million for two capital projects; he does not recommend the increased restricted receipts.*

**All Other Operating.** The Council requests \$90,019 more than enacted, including \$3,960 more from general revenues and \$86,059 more from federal funds for all other operating expenditures not mentioned above. The Council's operating expenditures are primarily federally funded, and the request reflects revised expenditures as well as the anticipated federal funding. *The Governor recommends \$5,844 more than requested, including \$5,671 more from federal funds which are now available through savings from the medical benefits holiday.*

## Department of Transportation

	FY 2011 Reported	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
<b>Expenditures by Program</b>				
Central Management	\$ 4,840,439	\$ 12,503,313	\$ 10,800,625	\$ 10,797,176
Management and Budget	424,958	1,176,686	1,512,870	1,510,979
Infrastructure Program	339,950,148	413,306,934	439,944,020	428,546,833
<b>Total</b>	<b>\$ 345,215,545</b>	<b>\$ 426,986,933</b>	<b>\$ 452,257,515</b>	<b>\$ 440,854,988</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 55,822,328	\$ 66,452,206	\$ 71,984,548	\$ 71,633,408
Contracted Services	35,361,253	37,090,100	37,706,060	37,666,460
<b>Subtotal</b>	<b>\$ 91,183,581</b>	<b>\$ 103,542,306</b>	<b>\$ 109,690,608</b>	<b>\$ 109,299,868</b>
Other State Operations	31,157,878	40,358,661	40,577,145	35,686,683
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	17,543,777	68,555,745	50,956,315	50,970,474
Capital	100,811,664	114,581,681	148,886,535	142,880,980
Operating Transfers	104,518,645	99,948,540	102,146,912	102,016,983
<b>Total</b>	<b>\$ 345,215,545</b>	<b>\$ 426,986,933</b>	<b>\$ 452,257,515</b>	<b>\$ 440,854,988</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	229,999,857	309,995,579	338,929,966	338,457,178
Restricted Receipts	187,949	1,000,000	1,000,000	998,891
Other	115,027,739	115,991,354	112,327,549	101,398,919
<b>Total</b>	<b>\$ 345,215,545</b>	<b>\$ 426,986,933</b>	<b>\$ 452,257,515</b>	<b>\$ 440,854,988</b>
<b>FTE Authorization</b>	<b>691.2</b>	<b>772.6</b>	<b>772.6</b>	<b>772.6</b>
<b>FTE Average</b>	<b>640.8</b>			

**FY 2012 Revised Request.** The Department of Transportation requests \$452.3 million from all sources, including \$338.9 million from federal funds, \$112.3 million from other funds and \$1.0 million from restricted receipts. The request is \$25.3 million more than enacted, including \$28.9 million more from federal funds offset by \$3.7 million less from other funds and the enacted number of positions. *The Governor recommends \$440.9 million, including \$338.5 million from federal sources, \$101.4 million from other sources and \$1.0 million from restricted receipts. The recommendation includes the enacted level of 772.6 positions*

**Staffing.** The Department's request includes 772.6 positions, which is the enacted level. As of the first pay period in January, the Department has 708.6 filled positions or 64.0 less than enacted. Based on the Department's cost per position of \$62,760, this equates to \$4.0 million of turnover for FY 2012. However, in the current request, the Department has included \$2.9 million of projected turnover, or turnover for approximately 45 positions. *The recommendation includes the enacted level of 772.6 positions, and includes \$2.8 million of turnover; which is equivalent to 44.3 positions.*

## Fund Sources

The Department of Transportation receives funding through five major sources; federal funds, general obligation bond proceeds, gasoline tax proceeds, restricted receipts and Rhode Island Capital Plan funds. The Department also receives some funding from other departmental revenue, such as funding derived from the sale of Department owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources included in the Governor's recommendation.

Source	FY 2011 Actual	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
Federal Highway Admin. Funds	\$ 101,165,675	\$ 202,841,715	\$ 220,587,980	\$ 220,587,980
Federal Stimulus Funds	54,352,630	7,006,375	9,765,314	9,915,314
Other Federal Funds	79,388,575	103,671,377	109,725,527	109,042,874
Gasoline Tax*	95,784,871	92,487,068	98,971,747	91,876,350
General Obligation Bonds**	[40,000,000]	[40,000,000]	[40,000,000]	[40,000,000]
Motor Fuel Tax Bond Residuals	-	-	8,252,383	2,980,993
Land Sale Revenue	1,367,888	2,000,000	851,145	1,995,149
I-195 Land Sales	-	14,603,398	-	-
Rhode Island Capital Plan Funds	2,533,723	3,267,000	2,993,419	3,347,437
Restricted Receipts	187,950	1,000,000	1,000,000	998,891
Other Funds	10,434,233	110,000	110,000	110,000
<b>Total</b>	<b>\$ 345,215,545</b>	<b>\$ 426,986,933</b>	<b>\$ 452,257,515</b>	<b>\$ 440,854,988</b>

\*Excludes gasoline tax debt service for the Department and the Rhode Island Public Transit Authority.

\*\* Bond proceeds are not reflected as a fund source in the Department's budget, but are included for illustrative purposes only.

It should be noted that the Federal Highway Administration source includes the full appropriation that is used for projects as well as the annual debt service for GARVEE bonds. Approximately \$48 million of the total appropriation is annually used as debt service for GARVEE bond funded projects. The above table reflects the amount of funding transferred from the Federal Highway Administration to the Department, net of the debt service. This funding is also included in the Department's capital budget under the Highway Improvement Program, under the fund source FHWA funds.

The Department's fund sources are described in greater detail below.

**Federal Funds - Highway Administration.** The Department receives an average of \$200.0 million annually from the Federal Highway Administration. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies.

In FY 2008 the Department spent \$125.6 million from this source; \$163.3 million in FY 2009, \$116.3 million in FY 2010 and \$101.7 million in FY 2011. The enacted funding increased to \$202.8 million for FY 2012; however, the Department has increased its request by \$17.8 million to reflect the anticipated federal award. The Department notes these reflect changes in allotments from the Federal Highway Administration and are consistent with the Department's expenditure plan.

Program Area	FY 2012 Revised	Share of Total
Administrative Program	\$ 9,616,135	4%
Enhancements	18,207,901	8%
Bridge Program	65,064,039	29%
Highway Program	14,239,805	6%
Interstate Program	15,870,469	7%
GARVEE Projects	17,411,339	8%
Pavement Management Program	41,767,170	19%
Traffic Safety Program	19,391,334	9%
Federal Highway Earmark Projects	12,402,148	6%
Other Programs	6,617,639	3%
<b>Total</b>	<b>\$ 220,587,980</b>	<b>100%</b>

These funds appear in both the Department's capital budget and operating requests. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program. This program is prepared seven to nine months in advance of actual receipt of federal funds, which the Department notes can lead to increases or decreases in funding during the state fiscal year. The Transportation Improvement Program for the 2009 through 2012 period has been approved by the State Planning Council. The Department, in conjunction with the State Planning Council, is currently drafting the 2013 through 2016 Program. *The Governor recommends the requested \$220.6 million.*

**Federal Stimulus Funds.** The Department's revised request includes \$9.8 million from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The Department was originally allocated \$139.1 million from stimulus funds, and the current request reflects the final stages of funding and construction created through the Stimulus Act. *The Governor recommends \$9.9 million.*

**Other Federal Funds.** This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. This source has increased recently due to more available funds from the National Highway Transportation Safety Administration for grants to states, as well as the increase from Federal Transit Authority funds to reflect the Commuter Rail Project. The Department's revised request includes \$109.7 million from this source in FY 2012. *The Governor recommends \$109.0 million.*

**Gasoline Tax Proceeds.** The 2009 Assembly removed the remaining one cent of the 33 cent gasoline tax dedicated to general revenues and transferred it to the Department. The revised request does not change the current disposition of funding. The following table illustrates the current and requested disposition of proceeds.

Entity	FY 2011 Actual	FY 2012 Enacted	FY 2012 Rev. Req.	FY 2012 Revised
Department of Transportation	21.75	21.75	21.75	21.75
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 33 cents per gallon. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department of Transportation, the Rhode Island Public Transit Authority (RIPTA) and the elderly/disabled transportation program.

The FY 2012 enacted budget was based on a per penny yield of \$4.2 million and the Department utilized an estimate of \$4.3 million in its request, as well as a total receipt of 21.75 cents from gasoline tax proceeds.

The following table shows the recent history of available gasoline tax proceeds and other funds.

<b>Other Funds</b>	<b>FY 2011 Reported</b>	<b>FY 2012 Enacted</b>	<b>FY 2012 Rev. Req.</b>	<b>FY 2012 Revised</b>
<i>Gas Tax Yield per Cent</i>	4.226	4.252	4.252	4.224
<i>RIDOT Cents</i>	21.75	21.75	21.75	21.75
<i>RIPTA Cents*</i>	9.75	9.75	9.75	9.75
<b>DOT Budget (RIDOT and RIPTA)</b>				
Balance Forward	\$ 3,366,417	\$ -	\$ 1,448,255	\$ 1,448,255
Gas Tax	132,625,206	133,946,789	133,946,789	133,062,300
Debt Service Transfer	(35,444,941)	(47,405,144)	(44,952,082)	(42,952,081)
Internal Services Funds Transparency	(1,505,144)	(1,592,391)	(2,187,900)	(2,167,850)
Nonland Surplus Property	-	10,000	10,000	10,000
Interstate 195 Land Sales	-	14,603,398	-	-
Land Sales	1,367,886	2,000,000	851,145	1,995,149
Other (SIB, RICAP, Outdoor Adv)	2,006,861	3,557,400	3,557,400	2,633,723
Available	\$ 102,416,285	\$ 105,120,052	\$ 92,673,607	\$ 94,029,496
Expenditures	102,644,134	116,181,753	102,284,946	96,498,868
Surplus/Deficit	\$ (227,849)	\$ (11,061,702)	\$ (9,611,340)	\$ (2,469,372)
<b>RIDOT</b>				
Balance Forward	\$ 3,366,417	\$ -	\$ 1,448,255	\$ 1,448,255
Gas Tax	91,574,547	92,487,068	92,487,068	91,876,350
Debt Service Transfer**	(34,463,250)	(46,206,772)	(43,846,738)	(41,846,737)
Internal Services Funds Transparency	(1,505,144)	(1,592,391)	(2,187,900)	(2,167,850)
Nonland Surplus Property	-	10,000	10,000	10,000
Interstate 195 Land Sales	-	14,603,398	-	-
Land Sales	1,367,886	2,000,000	851,145	1,995,149
Other (SIB, RICAP, Outdoor Adv)	2,006,861	3,557,400	3,557,400	2,633,723
Available	\$ 62,347,317	\$ 64,858,703	\$ 52,319,230	\$ 53,948,890
Gas Tax	59,200,419	55,749,607	57,512,025	51,779,390
Interstate 195 Land Sales	-	14,603,398	-	-
Land Sales	1,367,886	2,000,000	851,145	1,995,149
Nonland Surplus Property	-	10,000	10,000	10,000
Other (SIB, RICAP, Outdoor Adv)	2,006,861	3,557,400	3,557,400	2,633,723
Other Expenditures	62,575,166	75,920,405	61,930,570	56,418,262
Surplus/Deficit	\$ (227,849)	\$ (11,061,702)	\$ (9,611,340)	\$ (2,469,372)
<b>RIPTA</b>				
Gas Tax	\$ 41,050,659	\$ 41,459,720	\$ 41,459,720	\$ 41,185,950
Debt Service Transfer	(981,691)	(1,198,372)	(1,105,344)	(1,105,344)
Available	40,068,968	40,261,348	40,354,376	40,080,606
Expenditures	\$ 40,068,968	\$ 40,261,348	\$ 40,354,376	\$ 40,080,606

\*Total includes one-half cent transferred from the UST Fund and two additional cents included by the 2009 Assembly.

\*\*Debt Service reduced by \$4.0 million in FY 2012 due to the availability of \$2.0 million from Build America Bond proceeds and \$2.0 million included by the Governor from general revenue.

The enacted budget for the Department includes an \$11.1 million structural deficit, which was caused by declining gasoline tax revenues and increasing costs. Increased costs were primarily due to debt service, winter maintenance and personnel. Further complicating the shortfall at the Department is the use of one-time fixes to balance its budget. In its current request, the Department has utilized a one-time reduction of gasoline tax funded debt service of \$2.4 million that was available from Build America Bond proceeds. The request does not increase annual revenues or decrease annual expenses, and the inclusion of one-time fixes in the request disguises the magnitude of the structural deficit.

The Department's revised request indicates a deficit of \$9.6 million, or \$1.5 million less than it estimated was reflected in the enacted budget. The shortfall reduction submitted in the request is a net change in gasoline tax, which includes the above mentioned \$2.4 million offset by increases for gasoline tax funded expenditures.

<b>FY 2012 Enacted Shortfall</b>	\$	11,061,702
<i>Net Gasoline Tax Change</i>		(1,450,362)
<b>FY 2012 Revised Request</b>		9,611,340
<i>DOT Recalculation</i>		(2,211,340)
<b>FY 2012 1st Quarter</b>		7,400,000
<i>Personnel &amp; Winter</i>		(2,500,000)
<b>Current Shortfall</b>	\$	4,900,000

Subsequent to the revised request, the Department indicated in its quarterly report that it was anticipating a shortfall closer to \$7.4 million, or \$2.2 million lower. The Department notes this was due to potential savings derived from a slower winter.

*The Governor's recommendation includes a potential \$2.5 million deficit for the Department. The deficit projection was lowered due to decreases in projected gasoline tax funded operations as well as a revision to the Department's general obligation bond debt service to reflect the Governor's recommendation to use \$2.0 million from general revenues to pay debt service.*

**Rhode Island Public Transit Authority Gasoline Tax.** Under existing statute, the Rhode Island Public Transit Authority receives 9.75 cents of the 33 cent gasoline tax. The funds are transferred to the Authority but reflected in the Department of Transportation budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation.

The FY 2012 enacted budget was based on a per penny yield of \$4.3 million, and the Department utilized that same estimate for its transfer to the Authority. Net of debt service for its share of general obligation bond proceeds, the Authority will receive \$41.5 million in FY 2012. *Based on a downward revision to the gasoline tax yield, the Governor recommends \$41.2 million for the Authority.*

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. Gasoline tax proceeds are used by the Department for operations; however, the amount of funding is not sufficient as a state match for capital expenditures, as it continues to be absorbed for increasing costs related to operations and debt service. The Department requests the use of \$40.0 million of general obligation bond proceeds in its FY 2012 revised request. *The Governor recommends funding as requested.*

**Motor Fuel Tax Bond Residuals.** To respond to the need to accelerate transportation project implementation, the Rhode Island General Assembly, on July 15, 2003, enacted legislation with RIDOT and the Governor's support which authorizes the State to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. In 2003, 2006 and 2009 the state completed phases of the three-part bond transaction that will provide \$660.5 million in construction funds for five major infrastructure projects financed by two methods.

The remaining costs will be provided through Motor Vehicle Tax Revenue bonds. This funding is financed through a two-cent dedication of the department's gasoline tax allocation. Since these bonds were issued in 2003, the value of two cents of the gasoline tax is used for the annual debt service prescribed for in the bond indenture. On numerous occasions, the value of the two cents has been higher than the necessary debt service payment, and the remaining amount is deposited into a residual account. These sources account for \$8.3 million in FY 2012, and the Department has programmed these funds into its capital program to make final payments for the GARVEE funded projects. *The Governor recommends \$3.0 million based on a revision to planned expenditures.*

**Land Sale Revenue.** This fund source is comprised of land sales from Department owned land. These proceeds can be used by the Department to purchase equipment or to offset operating costs throughout the Department. The Department requests \$0.9 million from this source in FY 2012. *The Governor recommends \$2.0 million based on updated land sale projections.*

**Interstate 195 Land Sales.** These funds are derived from the sale of land made available through the relocation of Interstate 195. Funding is deposited into a restricted receipt account, and may only be used to fund other portions of the project, and cannot be used at the Department's discretion. The Department originally requested \$16.6 million from this source for FY 2012. The intention of the Department was to sell the parcels of land made available through the relocation to finance approximately \$40.0 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provided that an appraisal of the parcels would be completed. Upon this, the Economic Development Corporation would issue enough bonds to cover the payment to the Department for the land.

The amount was estimated to be \$40.0 million, and the above referenced bill enabled the Corporation to issue up to \$42.0 million of bonds, including \$2.0 million for issuance costs. The payment of these proceeds to the Department would allow it to complete the project, while the Corporation would be eligible to sell the parcels for the highest potential sales price for the most viable economic development of the area. Because of lack of progress by the Corporation and the Department, the Department has removed its request for any land sale proceeds derived from the relocation project in FY 2012. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department's capital budget request, and appear as operating transfers in the Department's operating budget. Funds are used for projects such as the building of storage and maintenance facilities, as well as upgrades to Department owned property such as roof repairs or fire alarm installation. The Department requests \$3.0 million from this source in its FY 2012 revised request. *The Governor recommends \$3.3 million, consistent with his capital project recommendation.*

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities. This source is used to fund personnel costs for employees who perform work

on the projects. This source contributes \$1.0 million to the Department, and is based on projected municipal work. The Department requests \$1.0 million from this source in its FY 2012 revised request. *The Governor recommends funding essentially as requested.*

### Expenditures

**Stimulus Projects.** The Department requests \$9.8 million, \$6.1 million more than enacted from federal funds for projects funded by the American Recovery and Reinvestment Act of 2009. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. The FY 2011 enacted budget includes \$38.6 million of stimulus related projects; however, \$2.8 million of that funding was unspent, and the Department is requesting the funds be carried forward to FY 2012 to reflect planned construction expenditures. *The Governor recommends \$9.9 million to reflect a minor revision to planned expenditures.*

**Federal Highway Administration Projects.** Excluding salaries and benefits, the Department’s revised request includes \$220.6 million from federal funds for highway projects in FY 2012. This is \$8.9 million more than enacted to reflect a revised construction schedule. The Department notes it must submit its projected federal fund expenditures before the end of the federal fiscal year, and budgets the projected expenditures in anticipation of the actual federal award. The Department notes that this practice can lead to adjustments both during and prior to the state’s fiscal year.

For FY 2012, revised expenditures include \$17.4 million for the five GARVEE funded projects, \$65.1 million for repairs and maintenance on bridges, \$18.2 million for congestion mitigation and road enhancements, \$14.2 million for highways, \$15.9 million for interstate projects, \$41.8 million for pavement and resurfacing and \$19.4 million for traffic safety improvement projects. The following table shows program expenditures and their proportionate share of total Federal Highway Administration fund expenditures. *The Governor recommends funding as requested.*

Program Area	FY 2012 Recommended	Share of Total
Administrative Program	\$ 9,616,135	4%
Enhancements	18,207,901	8%
Bridge Program	65,064,039	29%
Highway Program	14,239,805	6%
Interstate Program	15,870,469	7%
GARVEE Projects	17,411,339	8%
Pavement Management Program	41,767,170	19%
Traffic Safety Program	19,391,334	9%
Federal Highway Earmark Projects	12,402,148	6%
Other Programs	6,617,639	3%
<b>Total</b>	<b>\$ 220,587,980</b>	<b>100%</b>

**Salaries and Benefits.** The Department requests \$72.0 million, \$5.5 million more from all funds for salaries and benefits. This includes \$2.7 million more from federal funds and \$2.8 million more from gasoline tax revenue and the authorized level of 772.6 positions. As of the first pay period in January the Department has 708.6 filled full-time equivalent positions or 64.0 positions below the authorized level. Based on the Department’s cost per position of \$62,760, this equates to \$4.0 million of turnover for FY 2012. However, in the current request, the Department has included \$2.9 million of projected turnover, or turnover for approximately 45 positions. The Department notes that its turnover estimate accounts for current filled positions as well as staff currently on worker’s compensation claims, which makes it more difficult to accurately predict total turnover in the Department. *The Governor restores*

*\$0.1 million of turnover included in the enacted budget, and recommends \$351,140 less than requested to reflect actual filled positions and the distribution of savings from the medical benefit holiday.*

**National Highway Transportation Safety Administration Grants.** The Department's revised request includes \$9.0 million, \$1.9 million less than enacted from the National Highway Transportation Safety Administration for FY 2012. The request is being revised to reflect the actual federal award. Major changes include decreases of \$2.0 million for impaired driving prevention programs and \$0.3 million for state and highway safety programs, offset by increases of \$0.5 million for primary seatbelt law enforcement and \$0.2 million for passenger protection initiatives. *The Governor recommends funding essentially as requested, but adds \$1,156 to reflect the funds from medical benefit savings available for operating expenditures.*

**GARVEE Bond Projects.** The Department requests \$8.3 million from other funds for three large scale capital projects. The 2003 Assembly authorized the state to advance certain projects with GARVEE bonds (Grant Anticipation Revenue Vehicles). GARVEE represents a program approved by Congress that allows states to borrow funds, which are then backed and repaid by the annual allocation of Federal Highway Administration construction funds. These funds were combined with proceeds from the Motor Vehicle Tax Revenue bonds, which are financed through a two-cent dedication of the Department's gasoline tax allocation.

On certain occasions, the value of the two cents has been higher than the necessary debt service payment, and the remaining amount is deposited into a residual account. These sources account for \$8.3 million in FY 2012, and the Department has programmed these funds into its capital program to make final payments for the GARVEE funded projects, including the relocation of Interstate 195, and the construction of the Route 403 interchange and the Sakonnet River Bridge. *The Governor recommends \$3.0 million based on a revision to planned expenditures.*

**Fixed Guideway/Commuter Rail.** The Department requests \$31.9 million or \$13.3 million more than enacted from federal transit funds for the Fixed Guideway Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Service is expected to operate between Providence and North Kingstown, with stops at T.F. Green Airport and the Wickford Junction. The Department notes the request is being increased to reflect new projects at Kingston and Providence, as well as a revised construction schedule for FY 2012. *The Governor recommends funding essentially as requested, but adds \$11,118 to reflect the funds from medical benefit savings available for operating expenditures.*

**Equipment Purchase.** The Department requests \$0.9 million from land sale revenue for equipment purchases in the Infrastructure Engineering Division. The request is \$1.1 million less than enacted due to lower than anticipated land sale revenue, and the Department has decreased its request to reflect this change. The Department notes funding would be used to purchase catch basin cleaners, mini-excavators, road surfacing equipment and miscellaneous roadside maintenance equipment such as weed trimmers. It should be noted that these land sale revenues are separate and distinct from land sales associated with the relocation of Interstate 195. *The Governor recommends \$60,369 more than requested to reflect an increase in land sale proceeds for equipment purchases.*

**Interstate 195 Relocation.** The Department removes \$14.6 million from other funds in its revised request to reflect an updated timeline for the sale of land parcels made available from the relocation of Interstate 195. Funding will be used to make final payments for the project. The intention of the Department was to sell the parcels of land to finance approximately \$40.0 million of project expenses. The 2011 Assembly enacted 2011-H 5994 Substitute A, as amended, which provides that an appraisal

of the parcels would be completed, followed by the purchase of the parcels by the Economic Development Corporation through the issuance of bonds.

The payment of the bond proceeds to the Department would allow it to complete the project, while the Corporation would be eligible to sell the parcels at its own pace. Because of the lack of progress by the Corporation and the Department, the Department has removed its request for any land sale proceeds derived from the relocation project in FY 2012. *The Governor recommends funding as requested.*

**Rhode Island Capital Plan Fund Projects.** The Department requests \$3.0 million, \$0.3 million less than enacted from Rhode Island Capital Plan funds for six projects at the Department. The largest changes are \$1.4 million less to reflect a delay in the replacement of the Portsmouth maintenance facility, offset by increases of \$0.6 million for statewide maintenance facility repairs and \$0.4 million for salt storage improvements. The request reflects actual expenditures and a revised construction schedule for the maintenance facilities. These projects are explained in greater detail in the Capital Budget Section of this analysis. *The Governor recommends \$3.3 million, \$0.4 million more than requested. These projects are explained in greater detail in the Capital Budget Section of this analysis.*

**RIPTA Gasoline Tax Transfer.** The Department requests \$41.5 million from gasoline tax proceeds in the Intermodal Surface Transportation Fund be transferred to the Rhode Island Public Transit Authority for operating expenses. The request is based on the revised per penny yield of \$4.3 million, and is distributed to the Authority pursuant to R.I.G.L. 31-36-20. The request is \$1.2 million more than enacted to reflect a corrected gasoline tax allotment. It should be noted the Authority is projecting a \$3.4 million operating shortfall for FY 2012. Fluctuations in the gasoline tax yield will impact this deficit accordingly. *Based on a downward revision to the gasoline tax yield, the Governor recommends \$41.2 million for the Authority.*

**Maintenance Operations.** The Department requests the enacted amount of \$5.5 million from gasoline tax proceeds for maintenance operations, excluding activities associated with winter maintenance. These include activities such as trash and debris removal, landscaping, sand removal, graffiti removal and catch basin cleaning. *The Governor recommends \$0.1 million more than requested to reflect historical maintenance operation expenditures.*

**Vehicle Maintenance.** The Department requests the enacted amount of \$5.8 million from gasoline tax proceeds for vehicle maintenance throughout the Department. The Department notes that vehicle maintenance costs have increased in recent years due to the lack of new vehicle purchases, which has affected all divisions, and includes vehicles such as dump trucks, pavers, tractors, grading equipment, backhoes and street sweepers. *The Governor recommends \$0.7 million less than requested to reflect revised vehicle maintenance expenditures.*

**Winter Maintenance Operations.** The Department requests the enacted amount of \$12.9 million for operating expenses related to the winter maintenance program for FY 2012. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The average annual cost for winter maintenance operations from FY 2007 through FY 2011 is \$11.5 million, and the current request is \$1.4 million above that. It should be noted that the Department spent a historically high amount of \$17.9 million in FY 2011 due to a severe winter. Excluding that amount, the average is closer to \$10.0 million. It should also be noted that winter maintenance is exclusively funded from gasoline tax proceeds, and any funding surplus or deficit for these operations will directly impact the Department's projected gasoline tax shortfall. *The Governor recommends \$4.5 million less than requested to reflect actual winter maintenance expenditures to date, as well as projected expenditures for the remainder of the winter.*

**Debt Service.** The Department requests the enacted amount of \$56.9 million, including \$48.4 million from federal funds and \$8.5 million from gasoline tax proceeds for debt associated with GARVEE bond funded projects. The federal fund debt service represents the amount of Federal Highway Administration funding that is not used for projects, but rather as a debt service payment on future federal highway funding. The gasoline tax represents the debt service payments for the motor vehicle tax revenue bonds, which is equal to two cents worth of gasoline tax, or \$8.5 million. *Based on a downward revision to the gasoline tax yield, the Governor recommends the Department's debt service be reduced by \$56,158 to reflect actual debt service obligations.*

**All Other Operating.** The Department requests \$2.3 million, \$48,345 less than enacted from all sources for all other operating costs. This includes \$66,000 more from other funds, offset by reductions of \$93,226 from federal funds and \$21,119 from restricted receipts. *The Governor recommends funding essentially as requested, but adds \$42,506 to reflect the funds from medical benefit savings available for operating expenditures.*