
Section VI

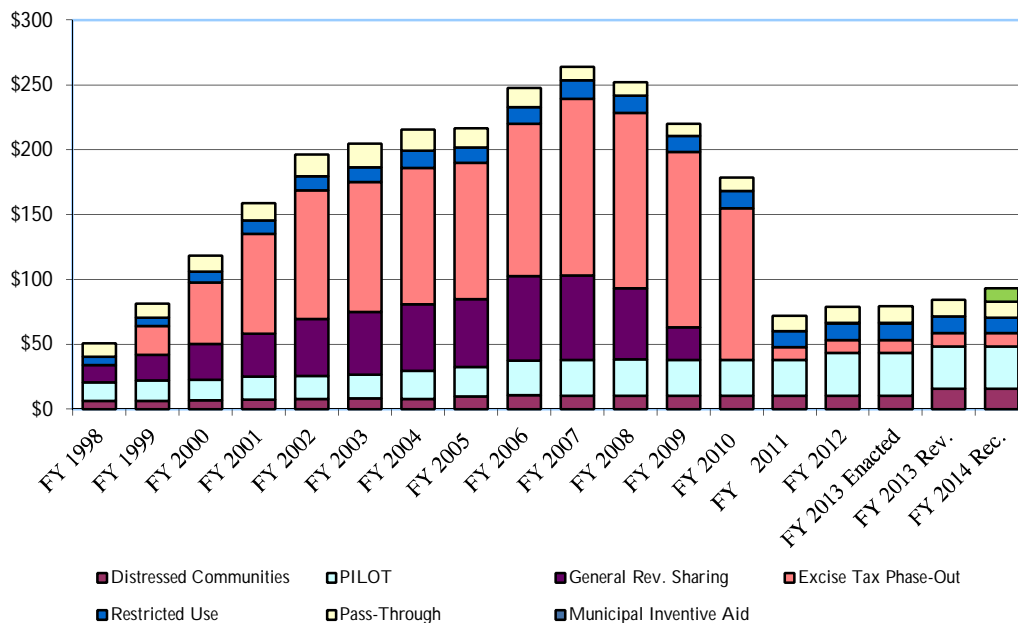
Special Reports

State Aid to Local Governments

Introduction

The Governor recommends state aid to cities and towns totaling \$71.4 million in FY 2013 and \$80.3 million in FY 2014. Funding for general aid programs in FY 2013 includes \$58.5 million, which is \$5.0 million more than the enacted level. For FY 2014, funding for general aid programs includes \$68.5 million, which is \$15.0 million more than the enacted level. The recommendation includes \$12.9 million in FY 2013 and \$11.8 million in FY 2014 for restricted use programs. Local communities will also receive \$12.7 million each year in public service corporation property taxes that the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through the Governor's recommendation for FY 2014.



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

General. The Governor recommends \$71.4 million in FY 2013 and \$80.3 million in FY 2014 for general state aid to local governments.

Fiscal Year	1990	2000	2005	2010	2011	2012	2013 Enacted	2013 Gov. Rev.	Rev. Diff.	2014 Gov. Rec.	Rec. Diff.
General Aid - State Sources											
Distressed Communities*	\$ -	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4	\$ 15.4	\$ 5.0	\$ 15.4	\$ 5.0
PILLOT	0.3	16.1	22.7	27.6	27.6	33.1	33.1	33.1	-	33.1	-
Municipal Incentive Aid	-	-	-	-	-	-	-	-	-	10.0	10.0
General Rev. Sharing	27.8	27.6	52.4	-	-	-	-	-	-	-	-
Excise Tax Phase-Out	-	47.3	105.0	117.2	10.0	10.0	10.0	10.0	-	10.0	-
Subtotal	\$ 28.1	\$ 97.5	\$ 189.7	\$ 155.1	\$ 48.0	\$ 53.5	\$ 53.5	\$ 58.5	\$ 5.0	\$ 68.5	\$ 15.0
Restricted Use Aid - State Sources											
State Aid for Libraries	\$ 1.6	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	-	\$ 8.8	\$ -
Library Const. Aid	1.3	1.6	2.5	2.6	2.5	2.8	2.5	2.5	-	2.5	-
Police & Fire Incentive	4.1	0.9	1.1	-	-	-	-	-	-	-	-
Prop. Reval. Reimb.	-	0.0	0.6	1.6	0.8	0.9	1.6	1.6	-	0.5	(1.1)
Actuarial Valuation	-	-	-	-	-	0.2	-	0.1	0.1	-	-
Subtotal	\$ 7.2	\$ 8.2	\$ 12.3	\$ 13.0	\$ 12.1	\$ 12.7	\$ 12.9	\$ 12.9	0.1	\$ 11.8	(1.1)
Total - State Sources	\$ 35.2	\$ 105.7	\$ 202.0	\$ 168.2	\$ 60.0	\$ 66.2	\$ 66.3	\$ 71.4	\$ 5.1	\$ 80.3	\$ 13.9
Other Aid - Pass-Through											
Public Service Corp.	\$ 9.9	\$ 12.8	\$ 14.6	\$ 10.2	\$ 11.8	\$ 12.7	\$ 12.7	\$ 12.7	\$ -	\$ 12.7	\$ -

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

- Distressed Communities Relief Fund.** The Governor recommends \$15.4 million in both FY 2013 and FY 2014 to fund the Distressed Communities Relief Program, which is \$5.0 million more than the enacted amount. Communities' aid distribution is based on updated qualifying tax levies. In FY 2013, Cranston qualified for aid. Communities entering and exiting the program receive 50.0 percent of what would otherwise be full funding under the formula.
- Municipal Incentive Aid.** The Governor proposes the Municipal Incentive Aid program to fund municipalities \$10.0 million to encourage sustainable funding of retirement plans and to reduce unfunded liabilities. For FY 2014, a municipality may become eligible for funding three ways. First, if it has no locally administrated pension plan, secondly, if it has submitted an approved Funding Improvement Plan, if one is required, no later than May 1, 2013; or third if its locally administered plan is not required to submit a Funding Improvement Plan. For FY 2015 and FY 2016, a municipality that still has a local plan that did not require a Funding Improvement Plan must be funding 100 percent of its Annual Retirement Contribution. Those with no local plans or those implementing funding improvement plans would continue to be eligible.
- Payment in Lieu of Taxes Program.** The Governor recommends \$33.1 million to fund the Payment in Lieu of Taxes program at the enacted level. This program reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions of higher learning, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is 27.0 percent of the forgone tax, subject to appropriation. Distributions to communities reflect updated data and a ratable reduction to the appropriation. The recommendation is \$9.9 million less than the current law allowance and represents a reimbursement of 20.8 percent of the value.
- Motor Vehicle Excise Tax Phase-Out.** The Governor funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement.
- Library Resource Sharing Aid.** The Governor recommends \$8.8 million to fund library operating aid at the enacted level. The recommendation for FY 2014 is \$1.3 million or 13.3 percent less than

allowed under current law, which requires 25.0 percent reimbursement of second prior year expenditures. Community distributions reflect updated data and a ratable reduction to the appropriation.

- **Library Construction Aid.** The Governor provides \$2.5 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects. The Chief of Library Services will begin accepting applications for library projects beginning July 1, 2014.
- **Property Valuation Reimbursement.** The Governor provides full funding of \$1.6 million in FY 2013 and \$0.5 million in FY 2014 to reimburse communities conducting property valuation updates.
- **Public Service Corporation Tax.** The FY 2013 and FY 2014 budgets assume the state will collect \$12.7 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: general revenue sharing, payments in lieu of taxes, distressed communities relief, and vehicle excise tax phase-out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here.

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

General State Aid

Distressed Communities Relief Program. The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers.

Rankings	Central			East		North		West		
	Burrillville	Falls	Coventry	Cranston	Providence	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2011										
Levy/Full Value	20	24	5	4	8	11	14	1	3	7
Per Capita Income 2000	7	1	11	10	5	19	4	2	6	3
Personal Income/Full Value	6	2	7	9	11	4	3	12	5	1
Full Value Per Capita	8	1	9	10	6	7	3	4	5	2
Qualifying Rankings	3	3	1	1	3	2	3	3	4	3
FY 2012										
Levy/Full Value	22	25	5	8	11	7	15	1	3	6
Per Capita Income 2000	6	1	11	9	7	10	4	2	5	3
Personal Income/Full Value	10	1	6	15	13	4	3	8	5	2
Full Value Per Capita	7	1	9	10	8	6	3	4	5	2
Qualifying Rankings	2	3	2	1	2	3	3	3	4	4
FY 2013										
Levy/Full Value	22	23	12	3	15	2	6	1	5	4
Per Capita Income 2000	10	1	12	7	8	9	4	3	5	2
Personal Income/Full Value	8	1	11	10	14	4	3	7	5	2
Full Value Per Capita	8	1	9	7	10	6	3	4	5	2
Qualifying Rankings	2	3	0	3	1	3	4	4	4	4
FY 2014										
Levy/Full Value	20	3	14	5	10	4	8	1	6	2
Per Capita Income 2000	11	1	10	7	9	6	4	3	5	2
Personal Income/Full Value	5	1	11	12	13	6	3	8	4	2
Full Value Per Capita	7	1	10	8	9	6	3	4	5	2
Qualifying Rankings	2	4	0	3	0	4	4	4	4	4

The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the Distressed Communities Relief program.

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

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

The 2012 Assembly provided \$10.4 million for the Distressed Communities Relief Fund in FY 2013. It also adopted legislation allowing municipalities to receive all of their distressed aid payments in August. Payments were made twice a year; August and March.

The Governor recommends \$15.4 million for both FY 2013 and FY 2014 to fund the Distressed Communities Relief Program, which is \$5.0 million more than the enacted amount. Communities' aid distribution in FY 2014 is based on updated qualifying tax levies.

Historically, a majority of the funds, \$9.6 million was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities. The Governor's FY 2014 budget does not include this legislation; absent the legislation, all of the funds are distributed on a weighted basis. This is

consistent with current law; however, it differs from past practices. For FY 2014, seven communities qualify for distressed aid, consistent with the enacted budget.

Payment in Lieu of Taxes (PILOT). This program reimburses cities and towns for property taxes, which would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation.

The Governor recommends level funding the program in FY 2013 and FY 2014 at the enacted amount. Distributions to communities reflect updated data and a ratable reduction to the appropriation. The recommendation for FY 2014 is \$9.9 million less than the current law allowance of 27.0 percent and represents a reimbursement of 20.8 percent of the value.

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. In the FY 1999 budget, the General Assembly began increasing the percentage of revenues dedicated to the General Revenue Sharing program as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. The law also provided that the percentage of second prior year tax collections dedicated to the program would increase on an annual basis through FY 2011 to a total of 4.7 percent.

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

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

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

The Governor's FY 2009 revised budget proposed suspending the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. He then submitted an amendment to restore \$31.0 million with the availability of federal stimulus funds. The Assembly did not concur and provided \$25.0 million to fund the program in FY 2009, distributed proportionally on the same basis as the original enactment.

The 2009 Assembly concurred with the Governor's recommendation to subject the program permanently to appropriation and delete the requirement for a distribution of 3.0 percent of second

prior year state tax revenues for FY 2010 and each year thereafter. No funding was provided in FY 2010. It has not been funded since.

The Governor does not recommend funding this program in FY 2014.

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

The 2005 Assembly increased the exemption from \$4,500 to \$5,000 per vehicle for FY 2006 and dedicated certain future revenues from video lottery terminals to phase out the tax. The 2006 Assembly increased the exemptions to \$6,000 and converted that dedication to 1.22 percent of all net terminal income up to \$10.0 million per year.

The 2007 Assembly provided \$135.5 million to fund the car tax phase-out for FY 2008 with a \$6,000 exemption consistent with current law and updated data. The 2008 Assembly provided \$139.6 million to fund the car tax phase-out for FY 2009, and adopted the Governor's recommendation to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008. The 2009 Assembly provided \$135.3 million to fund the program and maintained the \$6,000 exemption.

The Governor included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities, and would allow municipalities to levy a supplemental tax to capture the loss of the reimbursement for FY 2010, subject to certification from the Department of Revenue, and an affirmative vote of at least four-fifths of the full membership of the municipalities' governing body. Exemptions in FY 2011 and thereafter, would be subject to the annual appropriations act.

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

For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption that would not be subject to reimbursement. The Assembly removed the statutory limitation on taxing the difference in the event that the value of a vehicle is higher than assessed in the prior fiscal year. It allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored the authority for fire districts to levy a motor vehicles excise tax and excluded them from reimbursements.

The Governor recommends \$10.0 million for FY 2014 to level fund the program at the enacted amount. The distributions reflect updated data based on final assessments received by the Division of Municipal Finance.

Restricted Use State Aid

State Support for Public Libraries. State law requires that the state provide financial support to public libraries, which remained relatively stable for the period from FY 1991 through FY 1997. In FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the requirement of 25.0 percent for the grants-in-aid program by FY 2000. The statute requires an amount equal to 25.0 percent of second prior fiscal year local expenditures for library services as grants-in-aid. The same requirement applies to institutional libraries, but that funding is not shown in these tables as local aid. Additionally, the state is required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network.

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

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

The chief library officer annually determines each municipality's compliance with the maintenance of effort by comparing appropriation and expenditure amounts as reported by the libraries or the municipalities. In the event that a municipality has failed to meet the maintenance of effort requirement, the chief library officer will notify the municipality that it is not eligible for a state grant in aid. A municipality that is deemed ineligible may request a waiver from the requirement by submitting a letter to the chief library officer.

The Governor recommends \$8.8 million for FY 2014 to level fund library operating aid at the enacted level. The recommendation for FY 2014 is \$1.3 million or 13.3 percent less than allowed under current law. Community distributions reflect updated data and a ratable reduction to the appropriation.

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

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

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include the cost of fundraising by the municipality or the free library or the costs of public relations. In a case where the library is a

component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

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

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects.

The Governor provides full funding of \$2.5 million in FY 2013 and FY 2014 to fund library construction aid.

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

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

Prior to FY 2009, the state paid a stipend to police officers who have earned college credits in the field of police work. In response to Governor Carcieri's proposal to eliminate the programs, the 2009 Assembly maintained it in the general laws; however, provided no funding. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning the credits, which were \$0.5 million in FY 2009 and \$0.7 million in FY 2010.

The Governor does not recommend reinstating funding for this program for FY 2014.

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

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

Prior to FY 2009, the state paid a stipend to firefighters who have earned college credits in the field of fire science. In response to Governor Carcieri's proposal to eliminate the program, the 2009 Assembly maintained it in the general laws; however, provided no funding. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily and those expenses were \$45,000 in FY 2009.

The Governor does not recommend reinstating funding for this program for FY 2014.

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

The Governor recommends \$1.6 million for FY 2013, and \$0.5 million for FY 2014, to fully fund reimbursements.

Actuarial Valuations. Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial reviews and to submit them to the study commission, with the state reimbursing communities for half the cost. The Governor included legislation in Article 26 of 2012-H 7323, clarifying 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.

The Governor reappropriated \$61,417 from general revenues to FY 2013, representing unexpended resources from \$234,000 appropriated in FY 2012 to reimburse municipalities for 50.0 percent of the cost of actuarial pension studies.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2013 and FY 2014 budgets assume the state will collect \$12.7 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Assembly concurred with the Governor's proposal included in 2009-H 5019 Substitute A, as amended to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

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

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

Other Local Revenues

Meals and Beverage. The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1,

2003. Meals are defined as sold ready for immediate consumption, regardless of when or where consumed. Eating establishments are defined to include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered.

Hotel Tax. The 2004 Assembly enacted a one percent additional tax on occupancy charges effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use (generally less than 31 days). The Division of Taxation collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred.

For additional information, the tables at the end of this section show recent distribution from these sources.

Distribution by Community

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2012</i>	<i>FY 2013 Enacted</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 299,458	\$ 284,035	\$ 275,965	\$ (8,070)
Bristol	832,543	790,052	788,378	(1,674)
Burrillville	573,846	323,658	319,501	(4,157)
Central Falls	400,398	397,023	497,804	100,781
Charlestown	41,218	41,218	40,195	(1,023)
Coventry	225,597	225,597	212,432	(13,165)
Cranston	5,758,680	6,707,482	7,286,224	578,742
Cumberland	216,637	216,609	210,915	(5,694)
East Greenwich	132,203	288,045	285,436	(2,609)
East Providence	1,355,956	608,246	611,596	3,350
Exeter	82,437	82,437	83,465	1,028
Foster	69,808	69,768	68,721	(1,047)
Glocester	94,919	94,919	93,156	(1,763)
Hopkinton	65,621	65,621	62,734	(2,887)
Jamestown	36,685	36,685	35,751	(934)
Johnston	382,377	382,377	373,565	(8,812)
Lincoln	236,662	236,662	232,641	(4,021)
Little Compton	23,548	23,548	23,665	117
Middletown	89,262	89,262	83,649	(5,613)
Narragansett	95,791	95,791	95,050	(741)
Newport	1,071,593	1,043,977	1,038,708	(5,269)
New Shoreham	8,132	8,132	7,945	(187)
North Kingstown	230,181	230,059	224,410	(5,649)
North Providence	1,476,380	1,904,515	2,377,890	473,375
North Smithfield	173,847	173,847	168,480	(5,367)
Pawtucket	2,624,850	2,480,195	3,174,731	694,536
Portsmouth	109,483	109,483	105,623	(3,860)
Providence	29,896,872	29,877,667	32,419,521	2,541,854
Richmond	60,200	60,200	57,421	(2,779)
Scituate	127,207	127,207	124,283	(2,924)
Smithfield	815,173	778,985	771,671	(7,314)
South Kingstown	332,795	323,401	319,012	(4,389)
Tiverton	108,700	108,700	107,432	(1,268)
Warren	82,773	82,773	80,778	(1,995)
Warwick	2,397,800	2,306,868	2,297,571	(9,297)
Westerly	359,417	349,077	342,667	(6,410)
West Greenwich	49,532	49,532	50,367	835
West Warwick	1,118,339	1,041,849	1,398,816	356,967
Woonsocket	1,407,950	1,349,366	1,716,699	367,332
Total	\$ 53,464,867	\$ 53,464,867	\$ 58,464,867	\$ 5,000,000

General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax and Municipal
Incentive Aid

<i>Community</i>	<i>FY 213 Enacted</i>	<i>FY 2014 Gov. Rec. *</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington	284,035	\$ 405,508	\$ 121,473	\$ 129,543
Bristol	790,052	988,205	198,153	199,827
Burrillville	323,658	467,703	144,045	148,202
Central Falls	397,023	552,284	155,261	54,480
Charlestown	41,218	114,714	73,496	74,519
Coventry	225,597	544,684	319,087	332,252
Cranston	6,707,482	10,102,427	3,394,945	2,816,203
Cumberland	216,609	527,359	310,750	316,444
East Greenwich	288,045	438,937	150,892	153,501
East Providence	608,246	1,063,220	454,974	451,624
Exeter	82,437	145,213	62,776	61,748
Foster	69,768	112,035	42,267	43,314
Glocester	94,919	185,911	90,992	92,755
Hopkinton	65,621	140,175	74,554	77,441
Jamestown	36,685	87,157	50,472	51,406
Johnston	382,377	646,441	264,064	272,876
Lincoln	236,662	432,933	196,271	200,292
Little Compton	23,548	56,892	33,344	33,227
Middletown	89,262	237,583	148,321	153,934
Narragansett	95,791	246,403	150,612	151,353
Newport	1,043,977	1,405,416	361,439	366,708
New Shoreham	8,132	16,987	8,855	9,042
North Kingstown	230,059	476,042	245,983	251,632
North Providence	1,904,515	2,420,111	515,596	42,221
North Smithfield	173,847	280,932	107,085	112,452
Pawtucket	2,480,195	3,657,563	1,177,368	482,832
Portsmouth	109,483	269,937	160,454	164,314
Providence	29,877,667	32,814,237	2,936,570	394,716
Richmond	60,200	130,384	70,184	72,963
Scituate	127,207	222,162	94,955	97,879
Smithfield	778,985	985,258	206,273	213,587
South Kingstown	323,401	602,452	279,051	283,440
Tiverton	108,700	256,451	147,751	149,019
Warren	82,773	182,613	99,840	101,835
Warwick	2,306,868	3,092,536	785,668	794,965
Westerly	349,077	556,051	206,974	213,385
West Greenwich	49,532	107,561	58,029	57,194
West Warwick	1,041,849	1,492,033	450,184	93,217
Woonsocket	1,349,366	2,000,359	650,993	283,661
Total	\$ 53,464,867	\$ 68,464,868	\$ 15,000,000	\$ 10,000,000

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013 Enacted</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	243,867	-	-	-
Central Falls	292,172	289,707	382,230	92,523
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	1,201,480	1,768,883	567,403
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	757,468	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	620,828	1,025,738	1,501,609	475,871
North Smithfield	-	-	-	-
Pawtucket	1,524,800	1,416,751	2,096,275	679,524
Portsmouth	-	-	-	-
Providence	5,169,135	4,804,334	7,248,224	2,443,890
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	894,406	817,916	1,185,547	367,631
Woonsocket	881,782	828,531	1,201,690	373,159
Total	\$ 10,384,458	\$ 10,384,458	\$ 15,384,458	5,000,000

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2013 Enacted</i>	<i>FY 2014 Gov. Rec.</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	289,707	252,774	(36,933)	(129,456)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,201,480	3,438,005	2,236,525	1,669,122
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,025,738	1,254,507	228,769	(247,103)
North Smithfield	-	-	-	-
Pawtucket	1,416,751	1,854,837	438,086	(241,438)
Portsmouth	-	-	-	-
Providence	4,804,334	6,562,344	1,758,010	(685,880)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	817,916	1,001,154	183,237	(184,393)
Woonsocket	828,531	1,020,838	192,307	(180,852)
Total	\$ 10,384,458	15,384,458	5,000,000	-

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013 Enacted*</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 54,250	\$ 38,827	\$ 38,827	\$ -
Bristol	715,338	672,847	672,847	-
Burrillville	115,270	108,949	108,949	-
Central Falls	23,896	22,986	22,986	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,807,055	4,554,377	4,554,377	-
Cumberland	124	96	96	-
East Greenwich	8,725	164,567	164,567	-
East Providence	153,404	163,162	163,162	-
Exeter	-	-	-	-
Foster	475	435	435	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	932,981	905,365	905,365	-
New Shoreham	-	-	-	-
North Kingstown	1,981	1,859	1,859	-
North Providence	505,425	528,650	528,650	-
North Smithfield	-	-	-	-
Pawtucket	435,268	398,662	398,662	-
Portsmouth	-	-	-	-
Providence	23,109,815	23,455,411	23,455,411	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	533,237	497,049	497,049	-
South Kingstown	160,632	151,238	151,238	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,241,268	1,150,336	1,150,336	-
Westerly	128,720	118,381	118,381	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	152,545	147,213	147,213	-
Total	\$ 33,080,409	\$ 33,080,409	\$ 33,080,409	\$ -

**Division of Municipal Finance reported an error in calculation on June 21, 2012, causing slight change in distributions.*

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2013 Enacted*</i>	<i>FY 2014 Gov. Rec.</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington	\$ 38,827	\$ 12,624	(26,203)	(26,203)
Bristol	672,847	653,349	(19,498)	(19,498)
Burrillville	108,949	105,864	(3,085)	(3,085)
Central Falls	22,986	23,234	248	248
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,554,377	4,937,927	383,550	383,550
Cumberland	96	95	(1)	(1)
East Greenwich	164,567	193,262	28,695	28,695
East Providence	163,162	166,334	3,172	3,172
Exeter	-	-	-	-
Foster	435	351	(84)	(84)
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	905,365	1,038,696	133,331	133,331
New Shoreham	-	-	-	-
North Kingstown	1,859	1,830	(29)	(29)
North Providence	528,650	513,047	(15,603)	(15,603)
North Smithfield	-	-	-	-
Pawtucket	398,662	445,657	46,995	46,995
Portsmouth	-	-	-	-
Providence	23,455,411	22,845,903	(609,508)	(609,508)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	497,049	507,089	10,040	10,040
South Kingstown	151,238	145,900	(5,338)	(5,338)
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,150,336	1,156,162	5,826	5,826
Westerly	118,381	114,887	(3,494)	(3,494)
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	147,213	218,199	70,987	-
Total	\$ 33,080,409	\$ 33,080,409	\$ -	\$ -

**Division of Municipal Finance reported an error in calculation on June 21, 2012, causing slight change in distributions.*

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013 Enacted</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 245,208	\$ 245,208	\$ 237,138	\$ (8,070)
Bristol	117,205	117,205	115,531	(1,674)
Burrillville	214,709	214,709	210,552	(4,157)
Central Falls	84,330	84,330	92,588	8,258
Charlestown	41,218	41,218	40,195	(1,023)
Coventry	225,597	225,597	212,432	(13,165)
Cranston	951,625	951,625	962,964	11,339
Cumberland	216,513	216,513	210,819	(5,694)
East Greenwich	123,478	123,478	120,869	(2,609)
East Providence	445,084	445,084	448,434	3,350
Exeter	82,437	82,437	83,465	1,028
Foster	69,333	69,333	68,286	(1,047)
Glocester	94,919	94,919	93,156	(1,763)
Hopkinton	65,621	65,621	62,734	(2,887)
Jamestown	36,685	36,685	35,751	(934)
Johnston	382,377	382,377	373,565	(8,812)
Lincoln	236,662	236,662	232,641	(4,021)
Little Compton	23,548	23,548	23,665	117
Middletown	89,262	89,262	83,649	(5,613)
Narragansett	95,791	95,791	95,050	(741)
Newport	138,612	138,612	133,343	(5,269)
New Shoreham	8,132	8,132	7,945	(187)
North Kingstown	228,200	228,200	222,551	(5,649)
North Providence	350,127	350,127	347,631	(2,496)
North Smithfield	173,847	173,847	168,480	(5,367)
Pawtucket	664,782	664,782	679,794	15,012
Portsmouth	109,483	109,483	105,623	(3,860)
Providence	1,617,922	1,617,922	1,715,886	97,964
Richmond	60,200	60,200	57,421	(2,779)
Scituate	127,207	127,207	124,283	(2,924)
Smithfield	281,936	281,936	274,622	(7,314)
South Kingstown	172,163	172,163	167,774	(4,389)
Tiverton	108,700	108,700	107,432	(1,268)
Warren	82,773	82,773	80,778	(1,995)
Warwick	1,156,532	1,156,532	1,147,235	(9,297)
Westerly	230,696	230,696	224,286	(6,410)
West Greenwich	49,532	49,532	50,367	835
West Warwick	223,933	223,933	213,269	(10,664)
Woonsocket	373,623	373,623	367,796	(5,827)
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2013 Enacted</i>	<i>FY 2014 Gov. Rec.</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington	\$ 245,208	\$ 237,138	\$ (8,070)	\$ -
Bristol	117,205	115,531	(1,674)	-
Burrillville	214,709	210,552	(4,157)	-
Central Falls	84,330	92,588	8,258	-
Charlestown	41,218	40,195	(1,023)	-
Coventry	225,597	212,432	(13,165)	-
Cranston	951,625	962,964	11,339	-
Cumberland	216,513	210,819	(5,694)	-
East Greenwich	123,478	120,869	(2,609)	-
East Providence	445,084	448,434	3,350	-
Exeter	82,437	83,465	1,028	-
Foster	69,333	68,286	(1,047)	-
Glocester	94,919	93,156	(1,763)	-
Hopkinton	65,621	62,734	(2,887)	-
Jamestown	36,685	35,751	(934)	-
Johnston	382,377	373,565	(8,812)	-
Lincoln	236,662	232,641	(4,021)	-
Little Compton	23,548	23,665	117	-
Middletown	89,262	83,649	(5,613)	-
Narragansett	95,791	95,050	(741)	-
Newport	138,612	133,343	(5,269)	-
New Shoreham	8,132	7,945	(187)	-
North Kingstown	228,200	222,551	(5,649)	-
North Providence	350,127	347,631	(2,496)	-
North Smithfield	173,847	168,480	(5,367)	-
Pawtucket	664,782	679,794	15,012	-
Portsmouth	109,483	105,623	(3,860)	-
Providence	1,617,922	1,715,886	97,964	-
Richmond	60,200	57,421	(2,779)	-
Scituate	127,207	124,283	(2,924)	-
Smithfield	281,936	274,622	(7,314)	-
South Kingstown	172,163	167,774	(4,389)	-
Tiverton	108,700	107,432	(1,268)	-
Warren	82,773	80,778	(1,995)	-
Warwick	1,156,532	1,147,235	(9,297)	-
Westerly	230,696	224,286	(6,410)	-
West Greenwich	49,532	50,367	835	-
West Warwick	223,933	213,269	(10,664)	-
Woonsocket	373,623	367,796	(5,827)	-
Total	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013 Enacted</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington				
Bristol				
Burrillville				
Central Falls				
Charlestown				
Coventry				
Cranston				
Cumberland				
East Greenwich				
East Providence				
Exeter				
Foster				
Glocester				
Hopkinton				
Jamestown				
Johnston				
Lincoln				
Little Compton				
Middletown				
Narragansett				
Newport				
New Shoreham				
North Kingstown				
North Providence				
North Smithfield				
Pawtucket				
Portsmouth				
Providence				
Richmond				
Scituate				
Smithfield				
South Kingstown				
Tiverton				
Warren				
Warwick				
Westerly				
West Greenwich				
West Warwick				
Woonsocket				
Total				

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2013 Enacted</i>	<i>FY 2014 Gov. Rec.</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington		\$ 155,746	\$ 155,746	\$ 155,746
Bristol		219,325	219,325	219,325
Burrillville		151,287	151,287	151,287
Central Falls		183,688	183,688	183,688
Charlestown		74,519	74,519	74,519
Coventry		332,252	332,252	332,252
Cranston		763,531	763,531	763,531
Cumberland		316,445	316,445	316,445
East Greenwich		124,806	124,806	124,806
East Providence		448,452	448,452	448,452
Exeter		61,748	61,748	61,748
Foster		43,398	43,398	43,398
Glocester		92,755	92,755	92,755
Hopkinton		77,441	77,441	77,441
Jamestown		51,406	51,406	51,406
Johnston		272,876	272,876	272,876
Lincoln		200,292	200,292	200,292
Little Compton		33,227	33,227	33,227
Middletown		153,934	153,934	153,934
Narragansett		151,353	151,353	151,353
Newport		233,377	233,377	233,377
New Shoreham		9,042	9,042	9,042
North Kingstown		251,661	251,661	251,661
North Providence		304,926	304,926	304,926
North Smithfield		112,452	112,452	112,452
Pawtucket		677,275	677,275	677,275
Portsmouth		164,314	164,314	164,314
Providence		1,690,104	1,690,104	1,690,104
Richmond		72,963	72,963	72,963
Scituate		97,879	97,879	97,879
Smithfield		203,547	203,547	203,547
South Kingstown		288,778	288,778	288,778
Tiverton		149,019	149,019	149,019
Warren		101,835	101,835	101,835
Warwick		789,139	789,139	789,139
Westerly		216,878	216,878	216,878
West Greenwich		57,194	57,194	57,194
West Warwick		277,610	277,610	277,610
Woonsocket		393,526	393,526	393,526
Total		\$ 10,000,000	\$ 10,000,000	\$ 10,000,000

Library Aid

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013 Enacted</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 332,622	\$ 334,107	\$ 334,107	\$ -
Bristol	119,255	118,895	118,895	-
Burrillville	124,048	125,987	125,987	-
Central Falls	62,301	47,079	47,079	-
Charlestown	47,345	47,128	47,128	-
Coventry	203,149	207,369	207,369	-
Cranston	530,519	524,404	524,404	-
Cumberland	266,209	264,240	264,240	-
East Greenwich	111,399	114,121	114,121	-
East Providence	395,804	416,425	416,425	-
Exeter	40,392	40,082	40,082	-
Foster	31,425	29,625	29,625	-
Glocester	70,178	69,879	69,879	-
Hopkinton	29,512	29,999	29,999	-
Jamestown	77,618	79,139	79,139	-
Johnston	110,371	111,963	111,963	-
Lincoln	186,608	189,340	189,340	-
Little Compton	28,295	28,078	28,078	-
Middletown	126,526	128,935	128,935	-
Narragansett	123,812	121,555	121,555	-
Newport	377,002	374,002	374,002	-
New Shoreham	73,576	73,011	73,011	-
North Kingstown	257,813	257,842	257,842	-
North Providence	163,008	164,384	164,384	-
North Smithfield	63,053	62,569	62,569	-
Pawtucket	365,315	369,002	369,002	-
Portsmouth	102,565	102,367	102,367	-
Providence*	2,337,393	2,292,590	2,292,590	-
Richmond	22,762	24,829	24,829	-
Scituate	94,735	94,008	94,008	-
Smithfield	267,131	265,315	265,315	-
South Kingstown	203,044	196,594	196,594	-
Tiverton	76,399	91,928	91,928	-
Warren	52,283	51,832	51,832	-
Warwick	638,711	662,952	662,952	-
Westerly	269,310	270,491	270,491	-
West Greenwich	26,493	26,290	26,290	-
West Warwick	173,748	171,858	171,858	-
Woonsocket	191,671	193,184	193,184	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY 2013 Enacted</i>	<i>FY 2014 Gov. Rec.</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington	\$ 334,107	\$ 341,149	\$ 7,042	\$ 7,042
Bristol	118,895	129,784	10,889	10,889
Burrillville	125,987	129,564	3,577	3,577
Central Falls	47,079	14,022	(33,057)	(33,057)
Charlestown	47,128	47,837	709	709
Coventry	207,369	215,315	7,946	7,946
Cranston	524,404	541,181	16,777	16,777
Cumberland	264,240	268,332	4,092	4,092
East Greenwich	114,121	121,963	7,842	7,842
East Providence	416,425	403,334	(13,091)	(13,091)
Exeter	40,082	41,703	1,621	1,621
Foster	29,625	31,569	1,944	1,944
Glocester	69,879	71,674	1,795	1,795
Hopkinton	29,999	34,084	4,085	4,085
Jamestown	79,139	80,467	1,328	1,328
Johnston	111,963	120,380	8,417	8,417
Lincoln	189,340	191,841	2,501	2,501
Little Compton	28,078	29,670	1,592	1,592
Middletown	128,935	135,566	6,631	6,631
Narragansett	121,555	123,055	1,500	1,500
Newport	374,002	378,526	4,524	4,524
New Shoreham	73,011	78,316	5,305	5,305
North Kingstown	257,842	263,710	5,868	5,868
North Providence	164,384	171,750	7,366	7,366
North Smithfield	62,569	63,341	772	772
Pawtucket	369,002	315,245	(53,757)	(53,757)
Portsmouth	102,367	103,446	1,079	1,079
Providence*	2,292,590	2,257,761	(34,829)	(34,829)
Richmond	24,829	26,139	1,310	1,310
Scituate	94,008	95,169	1,161	1,161
Smithfield	265,315	269,659	4,344	4,344
South Kingstown	196,594	203,946	7,352	7,352
Tiverton	91,928	94,109	2,181	2,181
Warren	51,832	53,561	1,729	1,729
Warwick	662,952	688,368	25,416	25,416
Westerly	270,491	265,543	(4,948)	(4,948)
West Greenwich	26,290	27,126	836	836
West Warwick	171,858	147,770	(24,088)	(24,088)
Woonsocket	193,184	197,423	4,239	4,239
Total	\$ 8,773,398	\$ 8,773,398	\$ -	\$ -

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2012</i>	<i>FY 2013 Enacted</i>	<i>FY 2013 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 196,291	\$ 196,291	\$ 196,291	\$ -
Bristol	276,252	276,252	276,252	-
Burrillville	192,019	192,019	192,019	-
Central Falls	233,190	233,190	233,190	-
Charlestown	94,198	94,198	94,198	-
Coventry	421,394	421,394	421,394	-
Cranston	967,459	967,459	967,459	-
Cumberland	403,245	403,245	403,245	-
East Greenwich	158,212	158,212	158,212	-
East Providence	566,091	566,091	566,091	-
Exeter	77,325	77,325	77,325	-
Foster	55,433	55,433	55,433	-
Glocester	117,293	117,293	117,293	-
Hopkinton	98,543	98,543	98,543	-
Jamestown	65,049	65,049	65,049	-
Johnston	346,235	346,235	346,235	-
Lincoln	253,999	253,999	253,999	-
Little Compton	42,026	42,026	42,026	-
Middletown	194,366	194,366	194,366	-
Narragansett	190,972	190,972	190,972	-
Newport	296,928	296,928	296,928	-
New Shoreham	12,649	12,649	12,649	-
North Kingstown	318,759	318,759	318,759	-
North Providence	386,059	386,059	386,059	-
North Smithfield	144,023	144,023	144,023	-
Pawtucket	856,267	856,267	856,267	-
Portsmouth	209,277	209,277	209,277	-
Providence	2,142,738	2,142,738	2,142,738	-
Richmond	92,766	92,766	92,766	-
Scituate	124,310	124,310	124,310	-
Smithfield	257,910	257,910	257,910	-
South Kingstown	368,741	368,741	368,741	-
Tiverton	189,913	189,913	189,913	-
Warren	127,704	127,704	127,704	-
Warwick	994,959	994,959	994,959	-
Westerly	274,242	274,242	274,242	-
West Greenwich	73,835	73,835	73,835	-
West Warwick	351,314	351,314	351,314	-
Woonsocket	495,674	495,674	495,674	-
Total	\$ 12,667,660	\$ 12,667,660	\$ 12,667,660	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2013 Enacted</i>	<i>FY 2014 Gov. Rec.</i>	<i>FY 2014 Rec. to Enacted</i>	<i>FY 2013 Rev. to FY 2014 Rec.</i>
Barrington	\$ 196,291	\$ 196,291	\$ -	\$ -
Bristol	276,252	276,252	-	-
Burrillville	192,019	192,019	-	-
Central Falls	233,190	233,190	-	-
Charlestown	94,198	94,198	-	-
Coventry	421,394	421,394	-	-
Cranston	967,459	967,459	-	-
Cumberland	403,245	403,245	-	-
East Greenwich	158,212	158,212	-	-
East Providence	566,091	566,091	-	-
Exeter	77,325	77,325	-	-
Foster	55,433	55,433	-	-
Glocester	117,293	117,293	-	-
Hopkinton	98,543	98,543	-	-
Jamestown	65,049	65,049	-	-
Johnston	346,235	346,235	-	-
Lincoln	253,999	253,999	-	-
Little Compton	42,026	42,026	-	-
Middletown	194,366	194,366	-	-
Narragansett	190,972	190,972	-	-
Newport	296,928	296,928	-	-
New Shoreham	12,649	12,649	-	-
North Kingstown	318,759	318,759	-	-
North Providence	386,059	386,059	-	-
North Smithfield	144,023	144,023	-	-
Pawtucket	856,267	856,267	-	-
Portsmouth	209,277	209,277	-	-
Providence	2,142,738	2,142,738	-	-
Richmond	92,766	92,766	-	-
Scituate	124,310	124,310	-	-
Smithfield	257,910	257,910	-	-
South Kingstown	368,741	368,741	-	-
Tiverton	189,913	189,913	-	-
Warren	127,704	127,704	-	-
Warwick	994,959	994,959	-	-
Westerly	274,242	274,242	-	-
West Greenwich	73,835	73,835	-	-
West Warwick	351,314	351,314	-	-
Woonsocket	495,674	495,674	-	-
Total	\$ 12,667,660	\$ 12,667,660	\$ -	\$ -

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Barrington	\$ 119,179	\$ 135,553	\$ 135,625	\$ 135,686
Bristol	318,548	303,168	327,042	340,439
Burrillville	166,966	172,887	174,052	170,110
Central Falls	82,663	88,173	92,902	100,396
Charlestown	98,886	97,087	102,788	106,466
Coventry	332,829	333,263	331,317	359,173
Cranston	1,317,327	1,321,908	1,342,820	1,464,102
Cumberland	346,547	350,310	357,915	377,291
East Greenwich	389,810	428,133	447,265	467,401
East Providence	710,794	729,001	740,237	789,039
Exeter	63,081	71,128	72,117	73,550
Foster	17,846	17,376	15,627	14,081
Glocester	57,561	54,010	57,017	70,135
Hopkinton	39,880	43,754	43,541	47,474
Jamestown	65,241	80,395	79,350	81,039
Johnston	406,973	429,028	455,592	464,125
Lincoln	585,041	609,715	623,233	680,568
Little Compton	27,577	39,576	36,462	32,462
Middletown	566,748	561,285	565,079	609,116
Narragansett	473,967	460,758	460,945	534,213
Newport	1,552,832	1,526,834	1,627,651	1,833,841
New Shoreham	208,610	225,939	225,192	256,173
North Kingstown	430,806	419,321	424,631	463,093
North Providence	365,348	344,523	338,650	333,767
North Smithfield	155,376	160,440	156,161	181,683
Pawtucket	640,642	633,198	643,598	670,833
Portsmouth	159,493	166,628	168,433	172,717
Providence	3,912,275	3,961,890	4,047,090	4,443,753
Richmond	101,458	102,635	110,470	116,580
Scituate	55,036	52,460	53,285	60,262
Smithfield	480,155	513,546	524,556	558,121
South Kingstown	516,680	536,657	561,221	623,204
Tiverton	146,356	151,924	156,098	189,157
Warren	205,217	202,368	208,132	241,958
Warwick	2,199,207	2,151,135	2,130,242	2,319,661
Westerly	589,951	593,704	625,338	704,012
West Greenwich	79,531	95,914	101,165	97,853
West Warwick	330,731	322,737	324,975	311,829
Woonsocket	491,063	494,686	495,850	500,016
Total	\$ 18,808,231	\$ 18,983,046	\$ 19,383,665	\$ 20,995,381

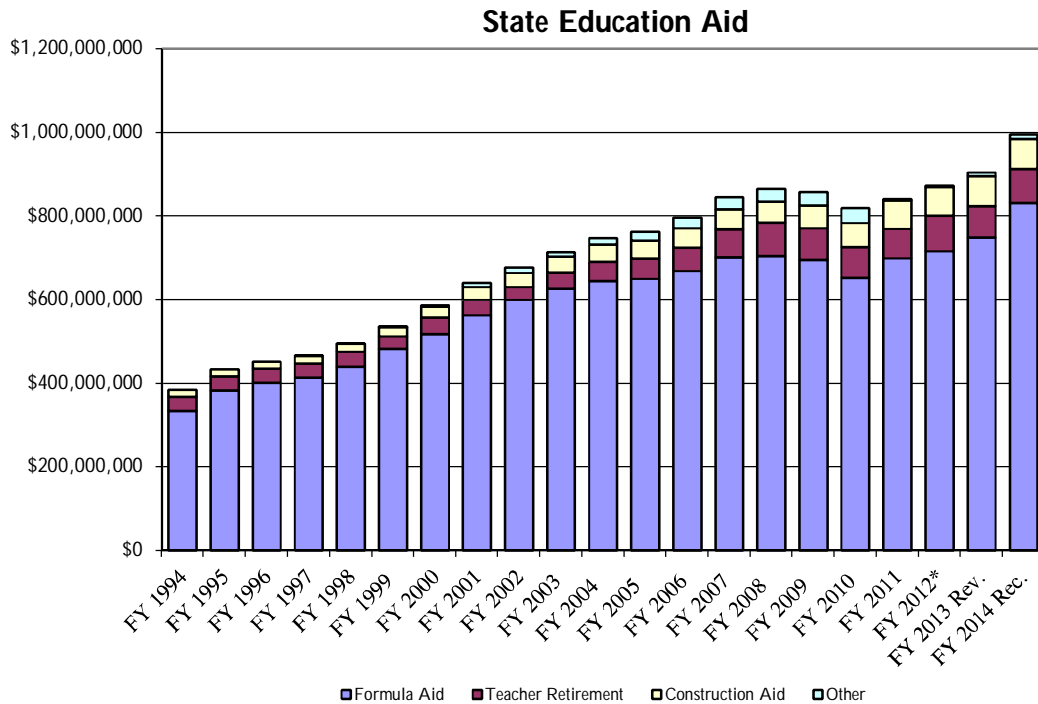
Local Hotel Tax

<i>City or Town</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	14,152	12,395	14,742	13,073
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	9,611	6,622	9,477	8,766
Coventry	29,751	29,063	33,396	30,491
Cranston	8,952	7,708	3,301	3,967
Cumberland	-	-	-	-
East Greenwich	162	133	189	158
East Providence	12,292	12,544	13,695	15,378
Exeter	-	-	-	-
Foster	214	136	74	57
Glocester	802	700	825	781
Hopkinton	-	6	-	-
Jamestown	3,696	3,635	3,818	4,409
Johnston	2,640	3,471	2,885	2,824
Lincoln	34,223	33,457	36,521	38,782
Little Compton	108	4,512	5,589	3,777
Middletown	228,601	233,101	232,431	263,989
Narragansett	30,975	30,542	37,474	34,552
Newport	-	-	-	-
New Shoreham	96,644	92,485	99,549	99,845
North Kingstown	6,661	5,751	9,739	28,071
North Providence	-	-	-	-
North Smithfield	2,665	844	956	1,108
Pawtucket	22,645	20,151	19,148	18,645
Portsmouth	3,963	2,769	2,967	3,627
Providence	677,432	644,561	707,255	753,159
Richmond	1,472	1,439	1,517	1,499
Scituate	1,744	1,621	1,622	1,717
Smithfield	37,773	39,029	52,094	56,265
South Kingstown	48,297	45,334	50,496	53,940
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	364,010	352,362	353,993	386,408
Westerly	68,603	71,162	116,835	143,201
West Greenwich	25,996	31,174	35,515	36,480
West Warwick	42,626	40,852	42,026	38,451
Woonsocket	17,317	16,805	17,533	23,292
Total	\$ 1,794,024	\$ 1,744,364	\$ 1,905,664	\$ 2,066,715

Education Aid

Summary

The Governor recommends \$938.7 million for FY 2014 total aid for local school districts. This is \$28.5 million more than enacted for FY 2013. Funding for FY 2014 includes \$774.3 million in direct distributions to local school districts, \$10.2 million in categorical funding, \$0.5 million in other aid for distribution by the Department, \$82.5 million for the state's contribution to teacher retirement, and \$71.1 million for school construction costs.



*Davies begins appearing with education aid

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

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Group home aid continues to be paid on a per-bed basis, in addition to aid paid through the new funding formula.

There is redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. The budget for FY 2014 represents the third year of the phase in.

Education Aid by Component

The Governor recommends \$938.7 million for FY 2014 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$28.5 million more than enacted for FY 2013.

The following table compares the FY 2014 recommended funding for the major components of education aid to the FY 2013 enacted budget and the Governor's FY 2013 revised recommendation. It also includes the Governor's revised recommendations for FY 2013. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2013 Enacted	FY 2013 Revised	Change to Enacted	FY 2014 Governor	Change to Enacted	Change to Revised
Operating Aid						
Local Districts	\$ 627,765,751	\$ 627,765,751	\$ -	\$ 650,388,245	\$ 22,622,494	\$ 22,622,494
Central Falls	39,705,879	39,705,879	-	38,188,310	(1,517,569)	(1,517,569)
Met School*	11,648,255	11,648,255	-	11,088,244	(560,011)	(560,011)
Davies Career & Technical*	13,381,539	13,328,293	(53,246)	12,716,908	(664,631)	(611,385)
Charter Schools	47,082,800	47,089,170	6,370	54,502,687	7,419,887	7,413,517
UCAP	-	-	-	275,977	275,977	275,977
Group Homes Funding	8,181,000	8,241,000	60,000	7,131,000	(1,050,000)	(1,110,000)
Subtotal	\$ 747,765,224	\$ 747,778,348	\$ 13,124	\$ 774,291,371	\$ 26,526,147	\$ 26,513,023
Categorical Funding						
High Cost Special Education	\$ 500,000	\$ 500,000	\$ -	\$ 1,000,000	\$ 500,000	\$ 500,000
Career and Technical	3,000,000	3,000,000	-	3,500,000	500,000	500,000
Early Childhood	1,450,000	1,450,000	-	2,450,000	1,000,000	1,000,000
Transportation	2,175,680	2,175,680	-	3,263,520	1,087,840	1,087,840
Regionalization Bonus	412,951	412,951	-	-	(412,951)	(412,951)
Subtotal	\$ 7,538,631	\$ 7,538,631	\$ -	\$ 10,213,520	\$ 2,674,889	\$ 2,674,889
Set-Aside Funds						
Textbook Loans	\$ 240,000	\$ 240,000	\$ -	\$ 240,000	\$ -	\$ -
School Breakfast	270,000	270,000	-	270,000	-	-
Subtotal	\$ 510,000	\$ 510,000	\$ -	\$ 510,000	\$ -	\$ -
Total	\$ 755,813,855	\$ 755,826,979	\$ 13,124	\$ 785,014,891	\$ 29,201,036	\$ 29,187,912
Other Aid						
Teacher Retirement	\$ 78,219,694	\$ 75,363,246	\$ (2,856,448)	\$ 82,514,003	\$ 4,294,309	\$ 7,150,757
Supp. Ret. Contribution	1,548,753	1,548,753	-	-	(1,548,753)	(1,548,753)
Construction Aid	74,568,906	72,058,624	(2,510,282)	71,134,679	(3,434,227)	(923,945)
Statewide Total	\$ 910,151,208	\$ 904,797,602	\$ (5,353,606)	\$ 938,663,573	\$ 28,512,365	\$ 33,865,971

*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget.

The funding formula calculation for FY 2014 uses June 30, 2012 student enrollment data adjusted for FY 2014 projected charter school enrollments, a per pupil core instruction amount of \$8,897 and state share ratio variables updated with June 30, 2012 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The Department of Elementary and Secondary Education will provide updated March 2013 student enrollment data at the beginning of April. Districts are billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Governor recommends \$650.4 million for formula aid to locally operated school districts. This is \$22.6 million more than enacted. This reflects the third year of the funding formula.

Central Falls Operations. The Governor recommends \$38.2 million for formula aid for the Central Falls School District. This is \$1.5 million or 3.8 percent less than FY 2013 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula requires the city to contribute to its education budget. It includes a transition fund to stabilize the Central Falls School District until the city can begin paying its local share. Because the transition funds are paid upon verification that the city has paid its share of the local contribution and the Governor assumes that Central Falls will be unable to contribute any funds towards education for FY 2014, he does not include any funds for the state's transition payment nor does he assume a local contribution will be made.

Metropolitan Career and Technical School. The Governor recommends \$11.1 million for formula aid for the Metropolitan Career and Technical School. This is \$0.6 million or 4.8 percent less than the FY 2013 enacted. Prior to FY 2012, the Met School was fully state supported.

The Met School is now subject to the funding formula. It is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School. The estimated local contribution is \$4.8 million once the formula is fully phased in. Tables at the end of this report include estimated enrollment by sending district for FY 2014.

Davies Career and Technical School. The Governor recommends \$12.7 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.7 million or 4.3 percent less than the FY 2013 enacted level and includes \$0.1 million to represent the state's 40.0 percent share of teacher retirement costs. The funding formula legislation requires that state schools participating in the state retirement system shall have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state.

Prior to FY 2012, Davies was fully state supported. Davies is now subject to the funding formula. It is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay that to the School.

The local share for FY 2014 is estimated at \$2.6 million and is shown in the school's budget as restricted receipt expenditures. Davies' operating budget will continue to be submitted as part of the Department's budget and Davies' employees are still state employees. Tables at the end of this report include estimated enrollment by sending district for FY 2014.

Charter Schools. The Governor recommends \$54.5 million for formula aid to charter schools. This is \$7.4 million or 15.7 percent more than the FY 2013 enacted level. This increase includes funding for the opening of three new schools for the 2013-2014 school year. Beginning in FY 2012, charter schools are funded pursuant to the education funding formula. Charter schools are funded like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district which must pay that to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and included in the total. There are currently 16 charter schools in Rhode Island. The Governor's budget assumes three new schools will open during the 2013-2014 school year for a total of 19 schools. Tables at the end of this report include estimated enrollment by sending district for FY 2014.

Urban Collaborative Accelerated Program. The Governor recommends \$0.3 million for the first year of new funding for the Urban Collaborative Accelerated Program for FY 2014. The 2012 Assembly adopted legislation that requires that beginning in FY 2014, the Urban Collaborative Accelerated Program (UCAP) will be funded pursuant to the education funding formula. These students are currently in the district enrollment counts and the state is currently paying education aid for these students to the sending communities. The state will remit education aid for these students directly to the school and the sending districts will send the local share to the school similar to the way the Met School is funded. The Urban Collaborative Accelerated Program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Tables at the end of this report include estimated enrollment by sending district for FY 2014.

Group Homes. Consistent with current law, the budget adjusts group home aid to reflect actual beds, and includes \$7.1 million, which is \$1.1 million less than the final FY 2013 allocation and enacted budget. The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2013 would not be reflected until FY 2014. This is unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

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

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out of district group homes. In FY 2014, the 18 communities hosting group homes, which have a total of 467 beds, will receive \$15,000 per bed, with the exception of the CRAFT beds. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

Categorical Funding

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

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

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$1.0 million for FY 2014, which is \$0.5 million more than enacted.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Governor recommends \$3.5 million for FY 2014, which is \$0.5 million more than enacted.

These funds are not shown in the distribution tables as there is not yet a methodology for distributing them. The Department of Elementary and Secondary Education is currently developing a methodology.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Governor recommends \$2.5 million for FY 2014, which is \$1.0 million more than enacted. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. These funds are not shown in the distribution tables.

Transportation. The funding formula allows for additional resources from the state to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system and will share in the costs associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures. The Governor recommends \$3.3 million for FY 2014, which is \$1.1 million more than enacted.

Limited Regionalization Bonus. The formula provides for a limited two-year bonus for regionalized districts. The bonus in the first year is 2.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. The second year bonus is 1.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. This bonus applies to districts that are currently regionalized as well as any districts that regionalize in the future. The Governor removes the \$0.4 million provided in the enacted budget consistent with current law requirements to reflect the end of the two year bonus, which was paid in FY 2012 and FY 2013.

Set-Aside Funds

Textbook Loan Program. The Governor recommends the enacted level of \$240,000 for the textbook loan program. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. FY 2011 expenditures were \$241,490. The FY 2012 entitlement is \$265,698. The FY 2013 revised budget includes \$240,000 consistent with the enacted level.

School Breakfast. The Governor recommends \$270,000 to reimburse administrative costs associated with the state's school breakfast program. This is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and provides that costs, other than transportation, associated with this program in excess of available federal money that funds the meals, shall be borne exclusively by the state.

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

Other Aid

Teacher Retirement. The Governor recommends \$82.5 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$7.2 million or 9.5 percent to the FY 2013 revised budget. Prior to changes enacted in a special legislative session during the fall of 2011, teachers had contributed 9.5 percent of their salaries; that rate is set in the General Laws. Beginning July 1, 2012, teachers contribute 8.75 percent.

Employers contribute the difference between the teachers' share and the amount needed to support the system, as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. For districts that choose not to participate in social security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

Supplemental Retirement Contribution. Rhode Island General Law, Section 36-10-2(e) requires that for any fiscal year in which the actuarially determined state contribution rate for state employees or teachers is lower than that for the prior fiscal year, an appropriation to that system equal to 20.0 percent of the rate reduction for the state's contribution rate shall be included in the annual appropriation act to be applied to the actuarial accrued liability of the system. The FY 2013 rates were lower than FY 2012; therefore an estimated \$1.5 million would have to be appropriated to the teachers' retirement system. The FY 2013 enacted budget includes the \$1.5 million supplemental contribution which is not required for FY 2014.

School Housing (Construction) Aid. The Governor recommends \$71.1 million for construction aid to local districts. This is \$0.9 million less than the FY 2013 entitlement. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2014. The funding formula legislation had included a two-year phased increase in the state's minimum housing aid share to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2011. The previous minimum had been 30.0 percent.

The Governor proposed legislation as part of his FY 2013 budget to roll back the state's minimum housing aid participation to 35.0 percent. The 2012 Assembly adopted the proposal and added language to ensure that projects that received approval from the Board of Regents prior to June 30, 2012 and were expecting the 40.0 percent minimum would be allowed to receive it.

The 2011 Assembly instituted a three-year moratorium on the approval of new school housing aid projects with exception for projects necessitated by health and safety reasons effective July 1, 2011 through July 1, 2014.

Calculation and Distribution Tables

The ten tables on the following pages include the calculation and distribution of the Governor's FY 2014 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2008 through FY 2012 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2014

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2014

Table 2: Calculation of New Funding Formula for FY 2014

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2014 Estimated Charter & State School Enrollment by Sending District

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

Table 8: Recommended Categorical Aid

Table 9: Education Aid for FY 2008 - FY 2012

Tables 1A: Total Recommended Education Aid for Districts for FY 2014

A. Column **A** is the amount that districts would receive in the third year of the new formula's implementation pursuant to the ten-year phase in of the formula. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. This calculation is shown in Table 2.

B. Column **B** is the amount of group home aid districts will receive in FY 2014. Changes from FY 2013 are shown in Table 3. Group home aid will be paid pursuant to current law in addition to aid paid through the funding formula.

C. The formula allows for additional resources from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 9.

D. Column **D** shows the Governor's total FY 2014 recommended aid.

E. Column **E** is the FY 2013 enacted aid.

F. Column **F** is the difference between the Governor's FY 2014 recommendation shown in Column **D** and the FY 2013 enacted budget in Column **E**.

Table 1A: Total Recommended Education Aid for Districts for FY 2014

<i>District</i>	<i>A</i> <i>FY 2014</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>All</i> <i>Categoricals</i> <i>(Table 9)</i>	<i>D</i> <i>FY 2014</i> <i>Recommended</i> <i>Aid</i>	<i>E</i> <i>FY 2013</i> <i>Enacted Aid*</i>	<i>F</i> <i>Total</i> <i>FY 2014</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ 3,939,930	\$ -	\$ 52,832	\$ 3,992,762	\$ 3,350,904	\$ 641,858
Burrillville	12,715,403	330,000	20,856	13,066,259	12,965,501	100,758
Charlestown	1,716,895	-	-	1,716,895	1,694,669	22,226
Coventry	20,311,208	120,000	48,284	20,479,492	19,707,074	772,418
Cranston	42,821,891	60,000	365,508	43,247,399	39,603,294	3,644,105
Cumberland	14,485,574	-	84,107	14,569,681	13,834,760	734,921
East Greenwich	2,267,908	-	57,400	2,325,308	1,955,236	370,072
East Providence	27,563,021	636,000	42,872	28,241,893	26,993,305	1,248,588
Foster	1,184,530	-	15,713	1,200,243	1,214,327	(14,084)
Glocester	2,691,073	-	21,522	2,712,595	2,792,685	(80,090)
Hopkinton	5,521,254	-	-	5,521,254	5,615,973	(94,719)
Jamestown	360,839	-	2,487	363,326	363,461	(135)
Johnston	11,618,574	120,000	241,508	11,980,082	11,083,498	896,584
Lincoln	8,811,871	135,000	33,559	8,980,430	8,156,329	824,101
Little Compton	367,484	-	-	367,484	338,666	28,818
Middletown	8,666,708	420,000	10,414	9,097,122	9,288,241	(191,119)
Narragansett	1,795,760	-	5,470	1,801,230	1,663,260	137,970
Newport	10,362,341	270,000	15,022	10,647,363	10,661,062	(13,699)
New Shoreham	75,467	-	6,396	81,863	72,292	9,571
North Kingstown	10,864,143	-	5,458	10,869,601	10,758,204	111,397
North Providence	14,513,034	240,000	109,782	14,862,816	14,139,108	723,708
North Smithfield	5,246,654	120,000	35,250	5,401,904	5,133,980	267,924
Pawtucket	69,924,568	735,000	5,460	70,665,028	68,246,641	2,418,387
Portsmouth	4,579,130	555,000	3,517	5,137,647	5,380,832	(243,185)
Providence	202,763,875	2,055,000	540,298	205,359,173	197,968,379	7,390,794
Richmond	5,338,583	-	-	5,338,583	5,474,556	(135,973)
Scituate	3,710,794	-	34,814	3,745,608	3,514,829	230,779
Smithfield	4,687,614	240,000	61,752	4,989,366	4,982,755	6,611
South Kingstown	7,798,149	315,000	53,992	8,167,141	8,511,975	(344,834)
Tiverton	5,748,989	-	6,386	5,755,375	5,677,809	77,566
Warwick	34,876,987	330,000	72,147	35,279,134	34,449,461	829,673
Westerly	7,127,358	-	41,258	7,168,616	6,572,162	596,454
West Warwick	20,312,214	-	43,068	20,355,282	19,775,027	580,255
Woonsocket	48,013,625	120,000	77,975	48,211,600	46,744,955	1,466,645
Bristol-Warren	16,458,504	120,000	514,281	17,092,785	17,832,369	(739,584)
Chariho	268,242	-	859,167	1,127,409	898,450	228,959
Exeter-West Greenwich	5,862,724	210,000	510,951	6,583,675	6,705,948	(122,273)
Foster-Glocester	5,015,324	-	211,747	5,227,071	5,289,023	(61,952)
Central Falls	38,188,311	-	52,267	38,240,578	39,744,688	(1,504,110)
Total	\$ 688,576,556	\$ 7,131,000	\$ 4,263,520	\$ 699,971,071	\$ 679,155,688	\$ 20,815,383
<i>Adjusted Chariho</i>	12,844,973	-	859,167	13,704,140	13,683,648	20,492

* Includes a data correction. Totals might differ from previous publications.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2014

- A.** Column **A** is the FY 2013 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2013 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent, get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2014. It uses June 2013 enrollment data adjusted for October 2013 charter school enrollment and projected charter school enrollment for FY 2014.
- D.** Column **D** is the difference between FY 2014 base funding and FY 2013 revised formula aid.
- E.** Column **E** shows the transition calculation. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.
- F.** Column **F** is the FY 2014 recommended formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2013 revised formula aid shown in Column **B**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is difference between the third year of funding under the formula and total state formula aid shown in Column **C**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2014

<i>School</i>	<i>A FY 2013 Enacted Formula Aid</i>	<i>B FY 2013 Revised Formula Aid</i>	<i>C FY 2014 Base Formula Funding</i>	<i>D Difference</i>
Achievement First	\$ -	\$ -	\$ 1,386,792	\$ 1,386,792
Beacon	1,694,107	1,694,107	1,515,068	(179,039)
Blackstone	1,588,944	1,588,944	1,762,820	173,876
Compass	585,087	579,647	421,332	(163,755)
Greene School	898,333	898,333	917,566	19,233
Highlander	2,733,717	2,733,717	2,910,598	176,881
International	2,876,846	2,876,846	2,814,345	(62,501)
Kingston Hill	689,636	689,636	406,741	(282,895)
Learning Community	6,095,627	6,095,627	6,120,939	25,312
New England Laborers**	1,610,314	1,255,888	1,432,359	(177,955)
Nowell	-	-	1,690,687	1,690,687
Nurses Institute	1,621,866	1,633,673	2,544,265	922,399
Paul Cuffee	7,588,913	7,588,913	7,846,958	258,045
RI Mayoral Academies Blackstone Prep.	6,076,368	6,076,368	7,992,467	1,916,099
Segue Institute	2,572,083	2,572,083	2,738,032	165,949
Textron	2,323,013	2,323,013	2,384,737	61,724
Times2 Academy	7,054,405	7,054,405	6,791,419	(262,986)
Trinity	1,073,542	1,073,542	1,463,681	390,140
Village Green	-	-	1,191,062	1,191,062
Charter Schools Subtotal	\$ 47,082,800	\$ 46,734,741	\$ 54,331,868	\$ 7,249,068
Davies Career and Tech	13,381,539	13,328,293	7,955,532	(5,426,007)
Met School	11,648,256	11,648,256	7,168,160	(4,480,096)
Urban Collaborative	-	-	1,437,279	1,437,279
Total	\$ 72,112,596	\$ 71,711,290	\$ 70,892,839	\$ (1,219,757)

* Growth due to adding grades is all paid in the year of growth

** Includes data adjustment for FY 2013

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2014

<i>School</i>	<i>E Transition = 1/5th or 1/8th*</i>	<i>F FY 2014 Recommended Aid</i>	<i>G Change to Base Calculation</i>
Achievement First	\$ 1,386,792	\$ 1,386,792	\$ -
Beacon	(22,380)	1,671,727	156,659
Blackstone	34,775	1,623,719	(139,101)
Compass	(20,469)	564,618	143,286
Greene School	19,233	917,566	-
Highlander	35,376	2,769,093	(141,505)
International	(7,813)	2,869,033	54,688
Kingston Hill	(35,362)	654,274	247,533
Learning Community	25,312	6,120,939	-
New England Laborers**	(22,244)	1,233,644	(198,715)
Nowell	1,690,687	1,690,687	-
Nurses Institute	922,399	2,544,265	-
Paul Cuffee	258,045	7,846,958	-
RI Mayoral Academies Blackstone Prep.	1,916,099	7,992,467	-
Segue Institute	33,190	2,605,273	(132,759)
Textron	12,345	2,335,358	(49,379)
Times2 Academy	(32,873)	7,021,531	230,112
Trinity	390,140	1,463,681	-
Village Green	1,191,062	1,191,062	-
Charter Schools Subtotal	\$ 7,774,313	\$ 54,502,687	\$ 170,819
Davies Career and Tech	(678,251)	12,716,908	4,761,376
Met School	(560,012)	11,088,244	3,920,084
Urban Collaborative	275,977	275,977	(1,161,302)
Total	\$ 6,812,027	\$ 78,583,817	\$ 7,690,978

* Growth due to adding grades is all paid in the year of growth

** Includes data adjustment for FY 2013

Table 2: Calculation of Funding Formula for FY 2014

A. The FY 2012 student counts are shown in Column **A** based on the resident average daily membership as of June 30. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

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

D. Column **D** is the core instruction funding which is the FY 2012 student count in Column **A** times the core instruction per pupil amount of \$8,897. The legislation requires the core instruction per pupil amount to be updated annually.

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

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

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

H. Column **H** includes the state foundation aid under the funding formula based on FY 2012 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.

I. Column **I** is the FY 2013 base calculation shown in Table 5.

J. Column **J** is third year transition amount. It is the amount that will be added or subtracted from the FY 2013 base aid amount. It assumes districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The calculation is shown in Table 5.

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

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

Table 2: Calculation of New Funding Formula for FY 2014

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
<i>District</i>	<i>FY 2013 PK-12 RADM</i>	<i>FY 2013 FRPL RADM</i>	<i>%FRPL</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>	<i>Total Foundation</i>
Barrington	3,337	194	5.8%	\$ 29,689,289	\$ 690,407	\$ 30,379,696
Burrillville	2,431	853	35.1%	21,628,607	3,035,656	24,664,263
Charlestown	955	280	29.3%	8,496,635	996,464	9,493,099
Coventry	4,932	1,455	29.5%	43,880,004	5,178,054	49,058,058
Cranston	10,006	4,079	40.8%	89,023,382	14,516,345	103,539,727
Cumberland	4,404	980	22.3%	39,182,388	3,487,624	42,670,012
East Greenwich	2,341	159	6.8%	20,827,877	565,849	21,393,726
East Providence	5,529	2,636	47.7%	49,191,513	9,380,997	58,572,510
Foster	273	56	20.5%	2,428,881	199,293	2,628,174
Glocester	545	109	20.0%	4,848,865	387,909	5,236,774
Hopkinton	1,223	326	26.7%	10,881,031	1,160,169	12,041,200
Jamestown	671	60	8.9%	5,969,887	213,528	6,183,415
Johnston	2,993	1,285	42.9%	26,628,721	4,573,058	31,201,779
Lincoln	3,118	847	27.2%	27,740,846	3,014,304	30,755,150
Little Compton	412	60	14.6%	3,665,564	213,528	3,879,092
Middletown	2,393	686	28.7%	21,290,521	2,441,337	23,731,858
Narragansett	1,436	289	20.1%	12,776,092	1,028,493	13,804,585
Newport	2,049	1,272	62.1%	18,229,953	4,526,794	22,756,747
New Shoreham	112	13	11.6%	996,464	46,264	1,042,728
North Kingstown	3,985	873	21.9%	35,454,545	3,106,832	38,561,377
North Providence	3,231	1,327	41.1%	28,746,207	4,722,528	33,468,735
North Smithfield	1,767	309	17.5%	15,720,999	1,099,669	16,820,668
Pawtucket	8,272	6,467	78.2%	73,595,984	23,014,760	96,610,744
Portsmouth	2,514	365	14.5%	22,367,058	1,298,962	23,666,020
Providence	22,056	19,509	88.5%	196,232,232	69,428,629	265,660,861
Richmond	1,170	199	17.0%	10,409,490	708,201	11,117,691
Scituate	1,522	253	16.6%	13,541,234	900,376	14,441,610
Smithfield	2,352	343	14.6%	20,925,744	1,220,668	22,146,412
South Kingstown	3,419	616	18.0%	30,418,843	2,192,221	32,611,064
Tiverton	1,830	479	26.2%	16,281,510	1,704,665	17,986,175
Warwick	9,520	3,129	32.9%	84,699,440	11,135,485	95,834,925
Westerly	3,126	1,160	37.1%	27,812,022	4,128,208	31,940,230
West Warwick	3,417	1,678	49.1%	30,401,049	5,971,666	36,372,715
Woonsocket	5,674	4,139	72.9%	50,481,578	14,729,873	65,211,451
Bristol-Warren	3,466	1,215	35.1%	30,837,002	4,323,942	35,160,944
Chariho	-	-	0.0%	-	-	-
Exeter-West Greenwich	1,710	236	13.8%	15,213,870	839,877	16,053,747
Foster-Glocester	1,237	196	15.8%	11,005,589	697,525	11,703,114
Central Falls	2,414	2,160	89.5%	21,477,358	7,687,008	29,164,366
Total	131,842	60,292		\$ 1,172,998,274	\$ 214,567,170	\$ 1,387,565,444
<i>Adjusted Chariho</i>	<i>3,348</i>	<i>805</i>		<i>29,787,156</i>	<i>2,864,834</i>	<i>32,651,990</i>

Table 2: Calculation of New Funding Formula for FY 2014

<i>District</i>	<i>G</i> <i>State</i> <i>Share</i> <i>Ratio</i> <i>(Table 4)</i>	<i>H</i> <i>FY 2014 Base</i> <i>Funding</i>	<i>I</i> <i>FY 2013</i> <i>Enacted</i> <i>Formula Aid*</i>	<i>J</i> <i>Adjusted Year</i> <i>Three</i> <i>Difference</i> <i>(Table 5)</i>	<i>K</i> <i>FY 2014</i> <i>Recommended</i> <i>Formula Aid</i>	<i>L</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Barrington	21.1%	\$ 6,414,722	\$ 3,321,232	\$ 618,698	\$ 3,939,930	\$ (2,474,792)
Burrillville	53.0%	13,066,299	12,627,679	87,724	12,715,403	(350,896)
Charlestown	19.7%	1,872,825	1,677,912	38,983	1,716,895	(155,930)
Coventry	47.5%	23,309,987	19,561,513	749,695	20,311,208	(2,998,779)
Cranston	54.6%	56,566,151	39,297,220	3,524,671	42,821,891	(13,744,260)
Cumberland	40.5%	17,281,776	13,786,524	699,050	14,485,574	(2,796,202)
East Greenwich	16.9%	3,606,985	1,933,139	334,769	2,267,908	(1,339,077)
East Providence	55.8%	32,676,558	26,284,637	1,278,384	27,563,021	(5,113,537)
Foster	38.5%	1,012,173	1,209,152	(24,622)	1,184,530	172,357
Glocester	38.7%	2,028,532	2,785,722	(94,649)	2,691,073	662,541
Hopkinton	43.6%	5,247,449	5,560,369	(39,115)	5,521,254	273,805
Jamestown	6.0%	371,648	358,137	2,702	360,839	(10,809)
Johnston	47.8%	14,905,342	10,796,882	821,692	11,618,574	(3,286,768)
Lincoln	39.2%	12,047,307	8,003,012	808,859	8,811,871	(3,235,436)
Little Compton	12.4%	482,756	338,666	28,818	367,484	(115,272)
Middletown	32.5%	7,719,022	8,802,092	(135,384)	8,666,708	947,687
Narragansett	16.9%	2,332,954	1,661,461	134,299	1,795,760	(537,195)
Newport	46.7%	10,620,357	10,297,837	64,504	10,362,341	(258,016)
New Shoreham	9.5%	98,801	69,634	5,833	75,467	(23,334)
North Kingstown	29.3%	11,299,471	10,755,311	108,832	10,864,143	(435,328)
North Providence	52.1%	17,422,397	13,785,693	727,341	14,513,034	(2,909,363)
North Smithfield	37.1%	6,248,352	4,996,230	250,424	5,246,654	(1,001,697)
Pawtucket	82.9%	80,076,991	67,386,462	2,538,106	69,924,568	(10,152,423)
Portsmouth	13.0%	3,074,078	4,794,137	(215,007)	4,579,130	1,505,051
Providence	87.9%	233,466,553	195,088,205	7,675,670	202,763,875	(30,702,678)
Richmond	42.9%	4,766,191	5,420,353	(81,770)	5,338,583	572,392
Scituate	31.5%	4,553,850	3,500,030	210,764	3,710,794	(843,056)
Smithfield	20.3%	4,503,869	4,713,864	(26,249)	4,687,614	183,745
South Kingstown	17.5%	5,691,355	8,099,120	(300,971)	7,798,149	2,106,794
Tiverton	33.7%	6,057,324	5,671,905	77,084	5,748,989	(308,335)
Warwick	39.9%	38,194,035	34,047,725	829,262	34,876,987	(3,317,048)
Westerly	29.4%	9,395,424	6,560,341	567,017	7,127,358	(2,268,066)
West Warwick	62.1%	22,604,831	19,739,060	573,154	20,312,214	(2,292,616)
Woonsocket	82.6%	53,867,185	46,550,235	1,463,390	48,013,625	(5,853,560)
Bristol-Warren	33.6%	11,815,961	17,121,724	(663,220)	16,458,504	4,642,543
Chariho	0.0%	-	306,562	(38,320)	268,242	268,242
Exeter-West Greenwich	25.4%	4,069,839	6,118,850	(256,126)	5,862,724	1,792,885
Foster-Glocester	38.3%	4,481,743	5,091,550	(76,226)	5,015,324	533,582
Central Falls	94.5%	27,565,325	39,705,880	(1,517,569)	38,188,311	10,622,985
Total		\$ 760,816,415	\$ 667,826,056	\$ 20,750,495	\$ 688,576,551	\$ (72,239,864)
<i>Adjusted Chariho</i>		<i>11,886,465</i>	<i>12,965,196</i>	<i>(120,223)</i>	<i>12,844,973</i>	<i>958,508</i>

*Includes a data correction. Totals might differ from previous publications.

Table 3: Group Home Aid

<i>District</i>	<i>FY 2013 Enacted Aid</i>	<i>FY 2013 Revised Aid</i>	<i>Change to Enacted</i>	<i>FY 2014 Aid</i>	<i>Change to Enacted</i>	<i>Change to Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	330,000	330,000	-	330,000	-	-
Charlestown	-	-	-	-	-	-
Coventry	120,000	120,000	-	120,000	-	-
Cranston	-	60,000	60,000	60,000	60,000	-
Cumberland	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	636,000	636,000	-	636,000	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	120,000	120,000	-	120,000	-	-
Lincoln	135,000	135,000	-	135,000	-	-
Little Compton	-	-	-	-	-	-
Middletown	480,000	480,000	-	420,000	(60,000)	(60,000)
Narragansett	-	-	-	-	-	-
Newport	360,000	360,000	-	270,000	(90,000)	(90,000)
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	240,000	240,000	-	240,000	-	-
North Smithfield	120,000	120,000	-	120,000	-	-
Pawtucket	855,000	855,000	-	735,000	(120,000)	(120,000)
Portsmouth	585,000	585,000	-	555,000	(30,000)	(30,000)
Providence	2,640,000	2,640,000	-	2,055,000	(585,000)	(585,000)
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	240,000	240,000	-	240,000	-	-
South Kingstown	375,000	375,000	-	315,000	(60,000)	(60,000)
Tiverton	-	-	-	-	-	-
Warwick	360,000	360,000	-	330,000	(30,000)	(30,000)
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-
Woonsocket	165,000	165,000	-	120,000	(45,000)	(45,000)
Bristol-Warren	210,000	210,000	-	120,000	(90,000)	(90,000)
Exeter-West Greenwic	210,000	210,000	-	210,000	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-
Total	\$8,181,000	\$8,181,000	\$ 60,000	\$ 7,131,000	\$(1,050,000)	\$(1,110,000)

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2009 is used for FY 2014 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2009 as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C. The FY 2012 student counts are shown in Column **C** based on the resident average daily membership as of June 30, 2012. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E. Column **E** includes the percentage of students eligible for USDA reimbursable school meals in pre-Kindergarten through 6th grade as of June 30, 2012.

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

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

G. Column **G** shows what the share ratio was for FY 2013. It uses property valuations as of December 31, 2008 and student counts as of June 30, 2011.

H. Column **H** shows the difference between the share ratio for FY 2014 and that for FY 2013.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/09</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/09</i>	<i>C</i> <i>June 2012</i> <i>Student Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 3,227,243,614	\$ 4,539,598,993	3,341	29.1%
Burrillville	1,412,680,197	1,592,616,509	2,472	66.4%
Charlestown	2,803,161,017	2,779,675,053	1,065	0.0%
Coventry	4,091,309,347	3,757,142,814	5,012	60.9%
Cranston	7,903,879,742	7,267,568,127	10,317	63.3%
Cumberland	4,287,545,101	4,318,613,963	4,742	52.5%
East Greenwich	2,561,478,059	3,497,620,787	2,358	22.6%
East Providence	4,601,573,106	4,209,035,401	5,580	60.7%
Foster	254,021,263	260,259,342	274	50.5%
Glocester	496,958,238	515,301,967	549	51.0%
Hopkinton	1,121,461,727	1,057,628,291	1,220	54.8%
Jamestown	2,031,355,605	2,187,578,764	688	0.0%
Johnston	2,944,614,816	2,919,429,153	3,066	50.3%
Lincoln	2,865,383,280	3,423,659,167	3,383	47.2%
Little Compton	1,840,431,623	2,606,578,282	425	0.0%
Middletown	2,909,898,606	3,074,324,564	2,421	33.8%
Narragansett	4,864,903,627	5,281,546,372	1,467	0.0%
Newport	5,872,175,471	5,940,632,829	2,076	0.0%
New Shoreham	1,741,807,685	2,539,977,525	112	0.0%
North Kingstown	3,980,690,309	5,182,590,182	4,044	33.2%
North Providence	3,269,975,391	2,573,842,569	3,410	60.6%
North Smithfield	1,542,240,445	1,744,614,178	1,775	48.7%
Pawtucket	4,561,193,481	2,780,557,955	9,838	85.3%
Portsmouth	3,991,821,336	4,484,179,151	2,520	7.2%
Providence	11,846,634,587	7,038,348,378	25,324	85.5%
Richmond	1,005,366,555	952,387,553	1,176	57.8%
Scituate	887,880,710	1,739,422,685	1,532	40.8%
Smithfield	2,671,295,603	3,443,216,742	2,383	24.6%
South Kingstown	4,562,570,657	5,769,424,522	3,540	15.0%
Tiverton	2,341,550,296	2,134,450,522	1,812	38.6%
Warwick	10,327,383,992	10,203,911,940	9,634	44.8%
Westerly	6,259,976,859	6,315,621,118	3,161	0.0%
West Warwick	2,254,353,768	2,000,274,630	3,425	69.5%
Woonsocket	2,153,549,193	1,314,861,435	5,795	88.2%
Bristol/Warren	4,639,119,361	4,499,731,754	3,504	33.0%
Exeter/West Greenwich	1,873,210,367	2,274,020,398	1,762	32.7%
Foster/Glocester	1,132,400,439	1,169,467,296	1,241	50.9%
Central Falls	519,800,883	263,185,446	3,715	96.3%
Total	\$ 127,652,896,356	\$ 127,652,896,356	140,159	

*Includes charter and state school students

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2012 % of</i> <i>PK-6 FRPL</i>	<i>F</i> <i>FY 2014 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2013 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	6.7%	21.1%	21.1%	0.0%
Burrillville	34.7%	53.0%	53.0%	0.0%
Charlestown	27.9%	19.7%	18.3%	1.4%
Coventry	28.4%	47.5%	47.2%	0.3%
Cranston	44.3%	54.6%	53.0%	1.7%
Cumberland	22.9%	40.5%	40.8%	-0.3%
East Greenwich	7.6%	16.9%	15.6%	1.3%
East Providence	50.4%	55.8%	54.3%	1.5%
Foster	20.4%	38.5%	37.1%	1.4%
Glocester	20.0%	38.7%	42.9%	-4.3%
Hopkinton	28.2%	43.6%	43.7%	-0.1%
Jamestown	8.5%	6.0%	4.5%	1.6%
Johnston	45.1%	47.8%	44.0%	3.8%
Lincoln	29.0%	39.2%	37.9%	1.2%
Little Compton	17.6%	12.4%	11.0%	1.5%
Middletown	31.2%	32.5%	33.7%	-1.2%
Narragansett	23.9%	16.9%	16.3%	0.6%
Newport	66.0%	46.7%	47.4%	-0.8%
New Shoreham	13.4%	9.5%	9.2%	0.3%
North Kingstown	24.8%	29.3%	29.2%	0.1%
North Providence	41.8%	52.1%	54.1%	-2.1%
North Smithfield	19.7%	37.1%	39.7%	-2.7%
Pawtucket	80.4%	82.9%	82.3%	0.6%
Portsmouth	16.9%	13.0%	11.1%	1.9%
Providence	90.2%	87.9%	87.5%	0.4%
Richmond	18.3%	42.9%	41.3%	1.5%
Scituate	18.0%	31.5%	32.5%	-1.0%
Smithfield	14.9%	20.3%	21.6%	-1.3%
South Kingstown	19.6%	17.5%	16.8%	0.7%
Tiverton	27.9%	33.7%	38.3%	-4.6%
Warwick	34.2%	39.9%	38.2%	1.8%
Westerly	41.6%	29.4%	26.7%	2.7%
West Warwick	53.8%	62.1%	60.8%	1.2%
Woonsocket	76.6%	82.6%	81.4%	1.2%
Bristol/Warren	34.2%	33.6%	32.2%	1.4%
Exeter/West Greenwich	14.7%	25.4%	29.4%	-4.0%
Foster/Glocester	18.5%	38.3%	40.0%	-1.7%
Central Falls	92.7%	94.5%	93.1%	1.4%
Total				

**Includes charter and state school students*

Table 5: Transition Plan for Districts

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

A. Column **A** is the amount of formula aid that districts received in the second year of the formula's implementation, FY 2013.

B. Column **B** is the FY 2014 total base funding calculation.

C. Column **C** is the difference between FY 2014 base funding shown in Column **B** and the amount of formula aid received in FY 2013 and shown in Column **A**.

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

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>FY 2013 Enacted Base Formula Funding</i>	<i>FY 2014 Base Calculation</i>	<i>Difference</i>	<i>Transition = 1/5th or 1/8th</i>
Barrington	\$ 3,321,232	\$ 6,414,722	\$ 3,093,490	\$ 618,698
Burrillville	12,627,679	13,066,299	438,620	87,724
Charlestown	1,677,912	1,872,825	194,913	38,983
Coventry	19,561,513	23,309,987	3,748,474	749,695
Cranston	38,942,794	56,566,151	17,623,357	3,524,671
Cumberland	13,786,524	17,281,776	3,495,252	699,050
East Greenwich	1,933,139	3,606,985	1,673,846	334,769
East Providence	26,284,637	32,676,558	6,391,921	1,278,384
Foster	1,209,152	1,012,173	(196,979)	(24,622)
Glocester	2,785,722	2,028,532	(757,190)	(94,649)
Hopkinton	5,560,369	5,247,449	(312,920)	(39,115)
Jamestown	358,137	371,648	13,512	2,702
Johnston	10,796,882	14,905,342	4,108,460	821,692
Lincoln	8,003,012	12,047,307	4,044,295	808,859
Little Compton	338,666	482,756	144,090	28,818
Middletown	8,802,092	7,719,022	(1,083,070)	(135,384)
Narragansett	1,661,461	2,332,954	671,493	134,299
Newport	10,297,837	10,620,357	322,520	64,504
New Shoreham	69,634	98,801	29,167	5,833
North Kingstown	10,755,311	11,299,471	544,160	108,832
North Providence	13,785,693	17,422,397	3,636,704	727,341
North Smithfield	4,996,230	6,248,352	1,252,122	250,424
Pawtucket	67,386,462	80,076,991	12,690,529	2,538,106
Portsmouth	4,794,137	3,074,078	(1,720,059)	(215,007)
Providence	195,088,205	233,466,553	38,378,348	7,675,670
Richmond	5,420,353	4,766,191	(654,162)	(81,770)
Scituate	3,500,030	4,553,850	1,053,820	210,764
Smithfield	4,713,864	4,503,869	(209,994)	(26,249)
South Kingstown	8,099,120	5,691,355	(2,407,765)	(300,971)
Tiverton	5,671,905	6,057,324	385,419	77,084
Warwick	34,047,725	38,194,035	4,146,310	829,262
Westerly	6,560,341	9,395,424	2,835,083	567,017
West Warwick	19,739,060	22,604,831	2,865,771	573,154
Woonsocket	46,550,235	53,867,185	7,316,950	1,463,390
Bristol-Warren	17,121,724	11,815,961	(5,305,763)	(663,220)
Chariho	306,562	-	(306,562)	(38,320)
Exeter-West Greenwich	6,118,850	4,069,839	(2,049,011)	(256,126)
Foster-Glocester	5,091,550	4,481,743	(609,808)	(76,226)
Central Falls	39,705,880	27,565,325	(12,140,555)	(1,517,569)
Total	\$ 667,471,630	\$760,816,415	\$ 93,344,785	\$ 20,750,495
<i>Adjusted Chariho</i>	<i>12,965,196</i>	<i>11,886,465</i>	<i>(1,078,731)</i>	<i>(120,223)</i>

Table 6: FY 2014 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	-	-	-	-	-
Burrillville	-	12	-	-	-
Charlestown	-	-	-	59	9
Coventry	-	4	-	3	71
Cranston	35	6	-	-	2
Cumberland	-	40	-	-	-
East Greenwich	-	1	-	4	2
East Providence	-	4	-	-	2
Foster	-	-	-	2	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	6
Jamestown	-	-	-	4	4
Johnston	-	5	-	-	2
Lincoln	-	9	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	1	-	-	-
Narragansett	-	-	-	13	4
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	29	6
North Providence	18	9	-	-	-
North Smithfield	-	19	-	-	-
Pawtucket	-	15	88	-	5
Portsmouth	-	-	-	-	-
Providence	88	12	-	4	26
Richmond	-	-	-	4	2
Scituate	-	1	-	-	1
Smithfield	-	1	-	-	-
South Kingstown	-	-	-	26	11
Tiverton	-	-	-	-	-
Warwick	35	8	-	3	4
Westerly	-	-	-	23	11
West Warwick	-	-	-	-	4
Woonsocket	-	78	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	7	31
Foster-Glocester	-	-	-	-	5
Central Falls	-	-	77	-	2
Total	176	225	165	181	210

Table 6: FY 2014 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	2	1	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	38	-	-
Coventry	1	1	1	-	3
Cranston	33	16	-	-	176
Cumberland	-	5	-	-	2
East Greenwich	-	-	-	-	-
East Providence	5	20	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	5	1	-	-	18
Lincoln	2	8	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	2	12	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	35	-	-
North Providence	6	10	1	-	-
North Smithfield	2	-	-	-	-
Pawtucket	26	128	-	112	10
Portsmouth	-	-	-	-	-
Providence	218	88	1	112	7
Richmond	-	-	-	-	-
Scituate	2	1	-	-	7
Smithfield	-	-	-	-	2
South Kingstown	-	-	70	-	-
Tiverton	-	-	-	-	-
Warwick	4	1	3	-	15
Westerly	-	-	6	-	-
West Warwick	2	1	3	-	3
Woonsocket	-	-	-	-	-
Bristol-Warren	1	-	-	-	-
Exeter-West Greenwich	-	-	10	-	1
Foster-Glocester	-	-	-	-	1
Central Falls	1	41	-	334	-
Total	310	324	180	558	245

Table 6: FY 2014 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Segue Institute</i>
Barrington	-	-	-	-	-
Burrillville	-	5	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	2	-	-	-
Cranston	-	13	-	1	-
Cumberland	5	3	-	295	-
East Greenwich	-	-	-	-	-
East Providence	-	8	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	3	-	-	-
Lincoln	3	6	-	115	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	9	-	-	-
North Smithfield	-	1	-	-	-
Pawtucket	12	71	-	299	-
Portsmouth	-	-	-	-	-
Providence	80	110	774	1	-
Richmond	-	-	-	-	-
Scituate	-	1	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	6	-	2	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	4	-	-	-
Bristol-Warren	-	3	-	-	-
Exeter-West Greenwich	-	1	-	-	-
Foster-Glocester	-	1	-	-	-
Central Falls	60	25	-	295	240
Total	160	272	774	1,008	240

Table 6: FY 2014 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Textron</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>	<i>Davies Career & Tech Center</i>
Barrington	-	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	15	1
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	6	-
Lincoln	-	-	-	-	46
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	10	82
North Smithfield	-	-	-	-	1
Pawtucket	-	-	-	15	481
Portsmouth	-	-	-	-	-
Providence	225	647	136	70	74
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	14
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	15	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	3
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	5	173
Total	225	647	136	136	875

Table 6: FY 2014 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Metropolitan Career & Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	1	-	4	0.1%
Burrillville	7	-	24	1.0%
Charlestown	7	-	113	10.6%
Coventry	-	-	86	1.7%
Cranston	21	7	326	3.2%
Cumberland	13	-	363	7.7%
East Greenwich	5	-	12	0.5%
East Providence	26	-	65	1.2%
Foster	-	-	2	0.7%
Glocester	-	-	-	0.0%
Hopkinton	-	-	6	0.5%
Jamestown	10	-	18	2.6%
Johnston	22	-	62	2.0%
Lincoln	7	-	196	5.8%
Little Compton	2	-	2	0.5%
Middletown	29	-	30	1.2%
Narragansett	1	-	32	2.2%
Newport	38	-	38	1.8%
New Shoreham	-	-	-	0.0%
North Kingstown	8	-	78	1.9%
North Providence	4	-	149	4.4%
North Smithfield	2	-	25	1.4%
Pawtucket	45	-	1,307	13.3%
Portsmouth	15	-	15	0.6%
Providence	456	117	3,246	12.8%
Richmond	2	-	8	0.7%
Scituate	1	-	14	0.9%
Smithfield	7	-	24	1.0%
South Kingstown	8	-	115	3.2%
Tiverton	15	-	15	0.8%
Warwick	19	-	115	1.2%
Westerly	1	-	41	1.3%
West Warwick	6	-	19	0.6%
Woonsocket	51	-	136	2.3%
Bristol-Warren	25	-	29	0.8%
Exeter-West Greenwich	2	-	52	3.0%
Foster-Glocester	1	-	8	0.6%
Central Falls	26	15	1,294	34.8%
Total	883	139	8,069	5.8%

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	69,757	-	-	-
Charlestown	-	-	-	107,771	16,499
Coventry	-	18,601	-	12,682	311,984
Cranston	205,119	33,052	-	-	9,721
Cumberland	-	155,666	-	-	-
East Greenwich	-	1,500	-	6,600	3,600
East Providence	-	19,854	-	-	9,927
Foster	-	-	-	9,594	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	24,814
Jamestown	-	-	-	2,139	2,139
Johnston	-	22,951	-	-	10,200
Lincoln	-	34,154	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	2,894	-	-	-
Narragansett	-	-	-	20,148	6,014
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	79,776	15,642
North Providence	100,038	49,093	-	-	-
North Smithfield	-	72,048	-	-	-
Pawtucket	-	140,113	873,127	-	51,621
Portsmouth	-	-	-	-	-
Providence	932,002	115,718	-	31,275	256,457
Richmond	-	-	-	16,782	7,628
Scituate	-	2,805	-	-	2,805
Smithfield	-	1,809	-	-	-
South Kingstown	-	-	-	42,855	17,701
Tiverton	-	-	-	-	-
Warwick	149,633	28,366	-	10,637	14,183
Westerly	-	-	-	64,381	29,835
West Warwick	-	-	-	-	22,117
Woonsocket	-	746,685	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	16,691	70,823
Foster-Glocester	-	-	-	-	17,036
Central Falls	-	-	889,692	-	16,818
Total	\$ 1,386,792	\$ 1,515,066	\$ 1,762,819	\$ 421,331	\$ 917,564

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	\$ 4,509	\$ 1,879	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	68,805	-	-
Coventry	4,227	4,227	4,227	-	17,755
Cranston	193,453	99,157	-	-	1,030,455
Cumberland	-	18,017	-	-	7,207
East Greenwich	-	-	-	-	-
East Providence	34,744	119,123	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	29,751	5,950	-	-	91,804
Lincoln	8,364	27,881	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	3,007	20,449	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	92,290	-	-
North Providence	33,346	50,019	4,631	-	-
North Smithfield	7,932	-	-	-	-
Pawtucket	250,729	1,194,651	-	1,135,656	97,342
Portsmouth	-	-	-	-	-
Providence	2,292,475	819,411	10,946	1,154,056	73,497
Richmond	-	-	-	-	-
Scituate	5,611	2,805	-	-	23,005
Smithfield	-	-	-	-	4,342
South Kingstown	-	-	124,839	-	-
Tiverton	-	-	-	-	-
Warwick	18,438	3,546	10,637	-	60,279
Westerly	-	-	20,937	-	-
West Warwick	11,059	5,529	21,011	-	21,011
Woonsocket	-	-	-	-	-
Bristol-Warren	4,186	-	-	-	-
Exeter-West Greenwich	-	-	27,968	-	2,256
Foster-Glocester	-	-	-	-	3,407
Central Falls	11,773	459,142	-	3,831,227	-
Total	\$ 2,910,597	\$ 2,814,344	\$ 406,740	\$ 6,120,939	\$ 1,432,360

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Segue Institute</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	32,993	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	11,837	-	-	-
Cranston	-	80,687	-	6,805	-
Cumberland	22,341	15,134	-	1,233,074	-
East Greenwich	-	-	-	-	-
East Providence	-	47,649	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	17,851	-	-	-
Lincoln	13,243	25,093	-	460,731	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	52,798	-	-	-
North Smithfield	-	3,305	-	-	-
Pawtucket	117,990	700,567	-	2,898,134	-
Portsmouth	-	-	-	-	-
Providence	847,559	1,172,822	7,846,958	7,819	-
Richmond	-	-	-	-	-
Scituate	-	3,928	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	28,366	-	7,092	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	41,156	-	-	-
Bristol-Warren	-	12,557	-	-	-
Exeter-West Greenwich	-	3,158	-	-	-
Foster-Glocester	-	3,407	-	-	-
Central Falls	689,554	290,958	-	3,378,813	2,738,032
Total	\$1,690,687	\$2,544,266	\$7,846,958	\$7,992,468	\$2,738,032

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Textron</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	92,352	4,861
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	32,301	-
Lincoln	-	-	-	-	190,984
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	57,429	470,550
North Smithfield	-	-	-	-	3,305
Pawtucket	-	-	-	146,013	4,517,549
Portsmouth	-	-	-	-	-
Providence	2,384,737	6,791,419	1,463,681	744,351	766,243
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	28,226
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	63,115	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	27,927
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	55,501	1,945,887
Total	\$2,384,737	\$6,791,419	\$1,463,681	\$1,191,062	\$7,955,532

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 1,879	\$ -	\$ 8,267
Burrillville	34,879	-	137,629
Charlestown	13,691	-	206,766
Coventry	-	-	385,540
Cranston	123,460	37,913	1,917,035
Cumberland	55,492	-	1,506,931
East Greenwich	8,100	-	19,800
East Providence	152,875	-	384,172
Foster	-	-	9,594
Glocester	-	-	-
Hopkinton	-	-	24,814
Jamestown	5,347	-	9,625
Johnston	108,804	-	319,612
Lincoln	25,790	-	786,240
Little Compton	2,214	-	2,214
Middletown	96,654	-	99,548
Narragansett	1,504	-	51,122
Newport	190,999	-	190,999
New Shoreham	-	-	-
North Kingstown	26,070	-	213,778
North Providence	24,083	-	841,987
North Smithfield	6,610	-	93,200
Pawtucket	440,988	-	12,564,480
Portsmouth	18,722	-	18,722
Providence	4,738,199	1,246,318	33,695,943
Richmond	9,154	-	33,564
Scituate	2,805	-	43,764
Smithfield	12,666	-	47,043
South Kingstown	14,906	-	200,301
Tiverton	46,143	-	46,143
Warwick	81,554	-	475,846
Westerly	2,617	-	117,770
West Warwick	46,446	-	127,173
Woonsocket	504,160	-	1,319,928
Bristol-Warren	86,706	-	103,449
Exeter-West Greenwich	5,413	-	126,309
Foster-Glocester	3,407	-	27,257
Central Falls	275,821	153,047	14,736,265
Total	\$ 7,168,158	\$ 1,437,278	\$70,892,830

Table 8: Recommended Categorical Aid

<i>Sending District</i>	<i>High Cost Special</i>			<i>Total</i>
	<i>Education</i>	<i>Career & Tech</i>	<i>Transportation</i>	
Barrington	\$ 17,186	\$ -	\$ 35,646	\$ 52,832
Burrillville	11,796	-	9,060	20,856
Charlestown	-	-	-	-
Coventry	33,648	-	14,636	48,284
Cranston	43,635	-	321,873	365,508
Cumberland	14,203	-	69,904	84,107
East Greenwich	31,672	-	25,728	57,400
East Providence	36,397	-	6,475	42,872
Foster	8,201	-	7,512	15,713
Glocester	10,987	-	10,535	21,522
Hopkinton	-	-	-	-
Jamestown	2,487	-	-	2,487
Johnston	22,906	-	218,602	241,508
Lincoln	25,985	-	7,574	33,559
Little Compton	-	-	-	-
Middletown	10,414	-	-	10,414
Narragansett	5,470	-	-	5,470
Newport	15,022	-	-	15,022
New Shoreham	6,396	-	-	6,396
North Kingstown	5,458	-	-	5,458
North Providence	11,558	-	98,224	109,782
North Smithfield	10,046	-	25,204	35,250
Pawtucket	5,460	-	-	5,460
Portsmouth	3,517	-	-	3,517
Providence	355,439	-	184,859	540,298
Richmond	-	-	-	-
Scituate	4,541	-	30,273	34,814
Smithfield	14,610	-	47,142	61,752
South Kingstown	5,927	-	48,065	53,992
Tiverton	6,386	-	-	6,386
Warwick	72,147	-	-	72,147
Westerly	41,258	-	-	41,258
West Warwick	11,810	-	31,258	43,068
Woonsocket	62,722	-	15,253	77,975
Bristol-Warren	34,272	-	480,009	514,281
Chariho	6,109	-	853,058	859,167
Exeter-West Greenwich	26,447	-	484,504	510,951
Foster-Glocester	14,843	-	196,904	211,747
Central Falls	11,045	-	41,222	52,267
Subtotal	\$ 1,000,000	\$ -	\$ 3,263,520	\$ 4,263,520
Charters & State Schools	-	-	-	-
Total	\$ 1,000,000	\$ -	\$ 3,263,520	\$ 4,263,520

Table 9: Education Aid for FY 2008 – FY 2012

<i>District</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>
Barrington	\$ 2,599,526	\$ 1,907,570	\$ 1,800,191	\$ 1,777,692	\$ 2,374,854
Burrillville	13,854,743	13,789,047	13,169,342	13,049,312	13,008,772
Charlestown	2,002,838	1,824,817	1,725,632	1,708,264	1,704,449
Coventry	20,075,081	19,167,853	18,278,654	18,106,570	18,670,838
Cranston	35,580,911	34,241,412	32,032,775	31,729,746	34,148,058
Cumberland	13,257,009	12,749,195	11,966,879	11,853,639	12,663,079
East Greenwich	1,949,761	1,457,699	1,450,763	1,327,711	1,507,198
East Providence	26,888,254	26,404,603	24,881,232	24,531,957	25,375,608
Foster	1,416,463	1,372,428	1,305,135	1,293,021	1,242,314
Glocester	3,213,847	3,150,714	2,973,405	2,946,000	2,862,833
Hopkinton	6,241,352	5,758,687	5,749,276	5,695,888	5,726,195
Jamestown	531,908	445,251	391,353	386,846	369,267
Johnston	10,915,364	10,412,388	9,701,822	9,609,655	10,131,916
Lincoln	7,403,268	6,762,647	6,384,476	6,320,677	6,999,556
Little Compton	368,810	324,893	291,845	288,570	313,858
Middletown	10,497,116	10,102,194	9,653,308	9,562,746	9,407,808
Narragansett	1,897,159	1,601,846	1,440,139	1,423,684	1,488,608
Newport	11,871,080	11,718,446	10,912,686	10,812,053	10,701,213
New Shoreham	106,345	40,148	57,149	56,081	61,851
North Kingstown	11,986,005	11,342,544	10,735,891	10,633,129	10,674,839
North Providence	13,382,872	12,949,606	12,222,938	12,107,544	12,751,556
North Smithfield	4,834,237	4,542,906	4,384,693	4,342,683	4,630,725
Pawtucket	67,023,559	67,589,810	63,316,158	62,743,324	64,600,780
Portsmouth	6,700,042	6,235,178	6,026,090	5,968,097	5,762,149
Providence	194,109,756	198,173,499	181,619,378	179,813,040	185,804,948
Richmond	6,188,615	5,711,973	5,722,291	5,669,397	5,648,866
Scituate	3,407,183	3,136,637	2,942,545	2,913,522	3,155,942
Smithfield	5,743,568	5,265,557	5,023,550	4,899,277	4,966,920
South Kingstown	10,548,698	9,759,935	9,289,273	9,198,692	8,832,470
Tiverton	5,932,058	5,620,900	5,326,062	5,275,223	5,329,648
Warwick	37,626,000	35,667,487	33,816,257	33,493,714	33,796,578
Westerly	6,843,077	6,132,170	5,780,009	5,721,304	5,982,372
West Warwick	20,440,547	20,065,546	19,030,395	18,855,252	19,143,704
Woonsocket	47,661,613	47,937,431	44,881,514	44,356,033	45,012,523
Bristol-Warren	20,498,190	19,987,011	19,071,142	18,896,443	18,625,047
Exeter-West Greenwich	7,661,019	7,159,892	6,894,092	6,708,949	642,082
Chariho	398,334	892,154	387,074	383,667	6,818,348
Foster-Glocester	5,729,861	5,522,536	5,268,913	5,219,945	5,372,978
Central Falls	44,358,224	44,524,530	43,255,325	42,865,644	41,145,437
Met School Operations	11,487,734	11,830,303	12,508,767	13,025,640	12,236,284
Total	\$ 703,232,027	\$ 693,279,442	\$ 651,668,420	\$ 645,570,630	\$ 659,692,471

Revenues Changes

The Governor recommends \$2.8 million and \$138.3 million more general revenues than estimated at the November 2012 Revenue Estimating Conference for FY 2013 and FY 2014, respectively. The Revenue Estimating Conference increased the enacted FY 2013 estimates by \$7.5 million to \$3,328.4 million and includes \$3,288.1 million for FY 2014. The table below shows the changes, followed by paragraphs explaining them.

Recommended General Revenues Changes	FY 2013	FY 2014
Taxes		
Special Investigation Tax Unit	\$ -	\$ 1,200,000
Out-of-State Collection Agencies	-	750,000
Corporate Income Tax Rate Phased Reduction	-	(8,038,007)
Jobs Development Act Phased Reduction	-	2,448,632
Enterprise Zone Wage Tax Credit Elimination	-	309,380
Managed Care Rate Premiums Tax Adjustment	-	(177,932)
Suspend Nursing Home COLA, Effective Oct. 1, 2012	-	(430,279)
Total Taxes	\$ -	\$ (3,938,206)
Departmental Revenues		
DLT: Hazardous Substances Right to Know Fee	\$ -	\$ (384,575)
DOR: Interest & Penalty Collections from Special Investigation Tax Unit	-	50,000
OHHS: Hospital Licensing Fee from FY 2012	4,435,000	5,570,624
OHHS: Reinstate Hospital Licensing Fee at 5.35 Percent	-	141,256,638
Other Miscellaneous Revenue		
Lottery Transfer	(1,600,000)	(4,300,000)
Total General Revenue Changes	\$ 2,835,000	\$ 138,254,481

Taxes. The Governor's budget includes \$5.9 million less in tax revenues for FY 2014. Of this amount, \$8.0 million is due to a rate reduction in Corporate Income Tax.

- **Special Investigation Tax Unit.** The Governor includes additional revenue of \$1.2 million from adding 2.0 full-time equivalent positions for the creation of a Special Investigative Unit within the Division of Taxation. The unit will review alleged violations to tax laws and recommend criminal prosecutions as warranted.

- **Out-of-State Collection Agencies.** The Governor's budget includes \$750,000 in additional revenues from his proposal to have the Division of Taxation contract with collection agencies to collect debts owed from non-residents.

Business Taxes

The Governor's budget includes three separate proposals relating to taxes on businesses that have a combined impact of a \$5.3 million revenue loss in FY 2014 growing to \$20.1 million in FY 2016. These are summarized in the table below and described separately in the paragraphs that follow.

Business Tax Proposal	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Corporate Income Tax Rate Phased Reduction	\$ (8.0)	\$ (21.1)	\$ (31.1)	\$ (36.7)	\$ (37.6)
Jobs Development Act Phased Reduction	2.4	7.5	10.4	10.8	11.0
Enterprise Zone Wage Tax Credit Elimination	0.3	0.6	0.7	0.7	0.7
Total Impact	\$ (5.3)	\$ (12.9)	\$ (20.1)	\$ (25.2)	\$ (25.9)

in millions

- Corporate Income Tax Rate Phased Reduction.** The Budget proposes to decrease the Corporate Income Tax rate from 9.0 percent to 7.0 percent over three years. The rate would be 8.0 percent for tax year 2014 and be reduced by 0.5 percent each of the next two years until reaching 7.0 percent for tax year 2016. The Budget assumes a revenue loss of \$8.0 million in FY 2014, \$21.1 million in FY 2015, \$31.1 million in FY 2016, \$36.7 million in FY 2017 and \$37.6 million in FY 2018. For tax year 2012, Connecticut had a corporate income tax of 9.0 percent on gross income and Massachusetts had a rate of 8.0 percent
- Jobs Development Act Phased Reduction.** The Budget assumes lowering by half the Jobs Development Act rate reduction over two years beginning in tax year 2014. Under current law, the Jobs Development Act provides for rate reductions of one quarter of one percent (0.25 percent) for each 50 new jobs created by eligible companies for three years past the base year. The reduction cannot be more than six percent. The Governor's proposal would discount the available reduction by 25.0 percent for tax year 2014 and 50.0 percent for 2015 and thereafter. The Budget assumes increased revenues of \$2.4 million in FY 2014 growing to \$10.4 million in FY 2016.
- Enterprise Zone Wage Tax Credit Elimination.** The Budget eliminates the Enterprise Zone Tax Credit that is applicable to the corporate tax, effective January 1, 2014 and assumes revenues of \$0.3 million. A qualified business in an enterprise zone is allowed a credit against business corporations' taxes for wages paid to employees that are part of the new employees hired to meet the 12 month, 5.0 percent jobs growth requirement. Prior to 2011, this credit was also allowed against personal income tax for pass through entities.

Insurance Companies

- Managed Care Premiums Tax Adjustment.** The Governor's budget lowers managed care expenses in both RItE Care and Rhody Health from assuming a lower capitated payment that reduces expenditures by \$8.9 million. This action results in lower revenues for the managed care plans that lowers taxes paid by \$0.2 million on the 2.2 percent assessment made on the plan premiums.

Health Care Provider Tax

- Suspend Nursing Home COLA, Effective Oct. 1, 2013.** The Governor's budget includes the elimination of the October 1, 2013 nursing home rate increase reducing expenditures by \$7.8 million. The rate reduction results in lower revenues for nursing homes, which lowers taxes paid by \$0.4 million on the 5.5 percent assessment made on a facility's gross revenues.

Departmental Revenues. The Governor recommends additional revenues of \$142.2 million in departmental receipts in FY 2014. Of this amount, \$141.3 million relates to the extension of the hospital licensing fee.

- DLT: Hazardous Substances Right-to-Know Fee.** The Governor's budget eliminates the \$42 hazardous substances right-to-know fee that is charged annually to employers who use, transport, store

or otherwise expose employees to toxic or hazardous substances. Employers are still required to maintain lists of all hazardous substances and provide employees with readily available information about these substances in the workplace. They no longer have to pay a fee when they certify compliance; the Budget assumes a \$0.4 million revenue loss from this change.

- **DOR: Interest and Penalty Collections from Special Investigation Tax Unit.** The Budget assumes the proposed Special Investigation Tax Unit as previously noted will generate \$50,000 in new revenues from interest and penalty payments owed on taxes collected.
- **OHHS: Hospital Licensing Fee from FY 2012.** The Governor includes \$4.4 million in FY 2013 and \$5.6 million in FY 2014 from delayed payments from two hospitals for their FY 2012 licensing fee. It should be noted that these were not paid or booked as a receivable. The Division of Taxation is working with taxpayers to ensure payments.
- **OHHS: Hospital Licensing Fee at 5.35 Percent.** The Governor recommends Article 13 to extend the licensing fee for FY 2014 at the current rate of 5.35 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.37 percent, subject to federal approval. It assumes \$141.3 million in revenue, \$136.0 million from the community hospitals and \$5.3 million from Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates.

Lottery

- **Table Gaming.** The Governor's budgets reduce Lottery funds transferred to the State General Fund by \$1.6 million for FY 2013 and \$4.3 million for FY 2014 to reflect costs associated with the regulation of table gaming at Twin River Casino. The revenue estimate excluded this impact pending the Governor's recommendation in costs.

Other Sources. The Budget also includes changes to other revenue sources not deposited as general revenues.

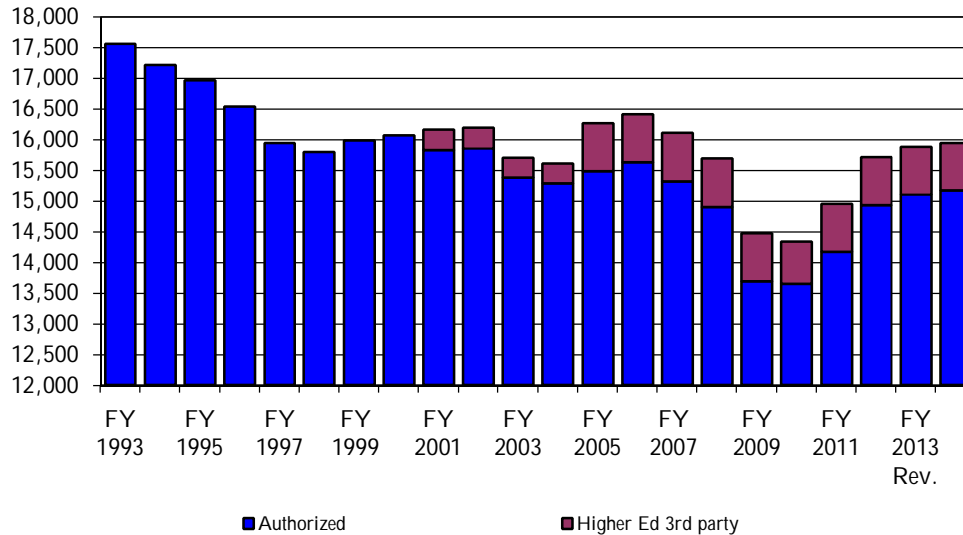
- **Motor Vehicle Fees.** The 2011 Assembly enacted legislation establishing a transportation trust fund that would be funded through incremental increases of license and registration fees as part of a plan to reduce the state's reliance on borrowing for transportation. The Governor's recommendation reduces the anticipated amount generated from these fees by \$0.7 million in FY 2014 to reflect a revised estimate.
- **Emergency and Public Communication Access Program.** The Governor shifts \$80,000 from the Public Utilities Commission's relay surcharge fund to create a new Emergency and Public Communication Access program. Funds would be used to provide an emergency services system for the deaf and hard of hearing, communication devices at state facilities and provide training for first responders on how to provide services to this population.

State Government Personnel and Staffing

Summary

The Governor recommends \$1,835.4 million for personnel expenditures and 15,171.6 full-time equivalent positions, including 776.2 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$20.2 million and 145.3 positions more than the FY 2013 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Full-Time Equivalent Positions

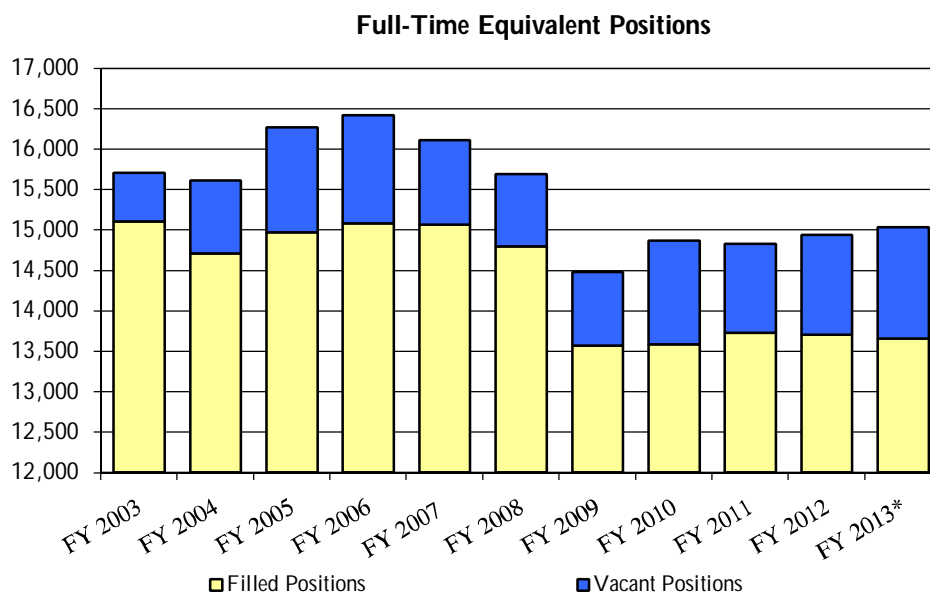


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows the staffing levels from FY 2003 through FY 2013. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 due to a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.

- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



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

The FY 2013 enacted budget includes authorization for 15,026.3 positions. The Governor's FY 2013 revised recommendation adds 76.2 positions. As of December 29, 2012, there was an average of

13,584.6 positions filled, leaving 1,441.7 non-research vacancies. In FY 2012, the state averaged 13,699.0 filled positions reflecting an average of 1,236.0 non-research vacancies.

Personnel Costs

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

The Governor's personnel recommendation includes \$1,558.8 million for salaries and benefits and \$276.6 million for contracted services. These expenditures represent an increase of \$20.2 million, or 1.1 percent, from the FY 2013 enacted budget. Salaries and benefits increase by \$17.9 million, or 1.2 percent and contracted services increase by \$2.4 million, or 0.9 percent. General revenue expenses for salaries and benefits decrease by 4.4 percent and contracted services increase by 5.1 percent. It should be noted that these expenditures exclude internal service funds; however, the staffing levels do include them. The data are shown in the following table and do not include personnel costs funded from internal service funds.

FY 2014 Governor	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 500,301,072	\$ 135,900,075	\$ 107,495,811	\$ 284,723,348	\$ 1,028,420,306
Benefits	276,068,306	80,558,759	60,143,533	113,593,354	530,363,952
Total Salaries and Benefits	\$ 776,369,378	\$ 216,458,834	\$ 167,639,344	\$ 398,316,702	\$ 1,558,784,258
Contracted Services	48,793,422	169,093,186	37,126,799	21,565,542	276,578,949
Total Personnel	\$ 825,162,800	\$ 385,552,020	\$ 204,766,143	\$ 419,882,244	\$ 1,835,363,207

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

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

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when he

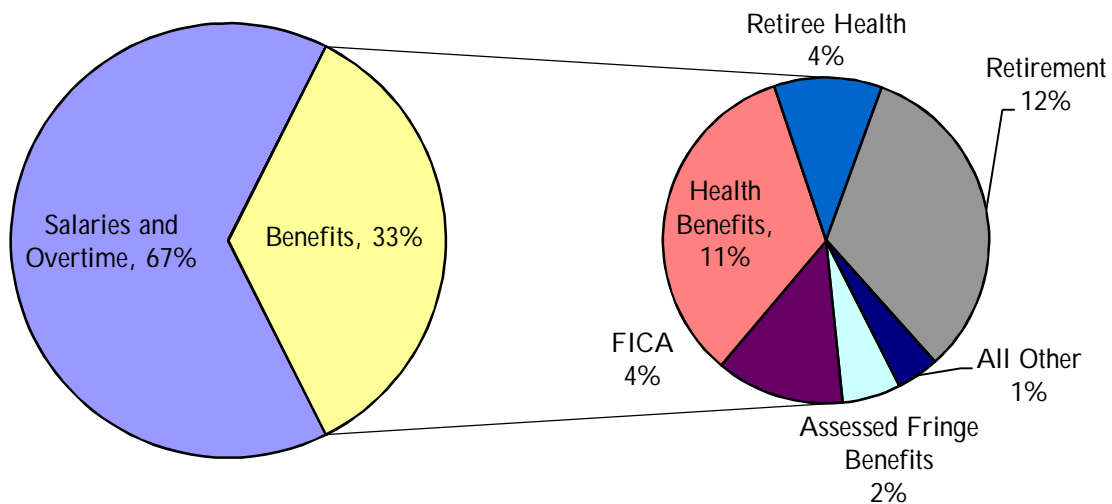
or she reaches 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. If a state employee is also a veteran, statutory status will be acquired after 15 years of service. Currently there are 3,536 employees with statutory status, including 184 employees which were eligible through the veteran provision.

As part of his FY 2012 revised budget, the Governor instructed the Director of Administration to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. He recommended \$300,000 in the revised budget to conduct this study with the assumption that implementation of any proposed changes begin in FY 2013. The Assembly shifted the funds to the FY 2013 budget to reflect a project delay. The Administration indicates that the report is near completion.

The Governor's FY 2013 revised and FY 2014 recommended budgets provide an additional \$1.0 million from general revenues to obtain outside services to review the state's classification system and to make recommendations to streamline the various classifications.

Salaries and benefits make up 84.9 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the table is described in further detail in the paragraphs that follow.

FY 2014 Recommended Salaries and Benefits



Salaries. Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary, and there will be increases along a five step scale annually after the employee's first six months. Prior to July 1, 2011, after an employee had been in state service for a specified number of years, he or she became eligible for longevity increases. These increases were applied to the base salary. This is authorized by collective bargaining agreements for union employees, with different increases for education agencies contained in statute; it was personnel policy for non-union employees. The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable.

The following table shows the years that an employee was eligible for these increases.

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

Collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade. For example if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770. The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries. The FY 2014 recommended budget does not assume a cost-of-living adjustment pending the outcome of contract negotiations. Most current contracts expire on June 30, 2013.

Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	
2013	-	
2014	-	

Overtime. Overtime expenses make up 3.1 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, and Human Services.

Overtime	
DOC	29.3%
BHDDH	20.5%
DHS	9.7%
Higher Ed.	9.4%
DPS	8.5%
DOT	8.5%
DCYF	8.2%
All Others	6.0%
Total	100.0%

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. During FY 2005, employees began contributing to the cost of this health care. Some employees paid a percentage

of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently an employee's contribution depends on his or her salary and the type of plan chosen. The following table shows the cost of health benefits and the state employee co-shares for FY 2013 for both individual and family plans.

<i>FY 2013 Revised</i>	Below \$47,741		\$47,741 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 7,575	\$ 21,170	\$ 7,575	\$ 21,170	\$ 7,575	\$ 21,170
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,060	\$ 17,995	\$ 6,060	\$ 16,936	\$ 5,681	\$ 15,878
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,515	\$ 3,176	\$ 1,515	\$ 4,234	\$ 1,894	\$ 5,293

**Rates effective January 1, 2013*

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average per benefit type. The FY 2013 revised request and the FY 2014 request are from Budget Office planning values.

Weighted Average	FY 2013 Enacted	FY 2013 Rev. Req.	FY 2013 Revised	FY 2014 Request	FY 2014 Gov. Rec.
Medical	\$ 15,971	\$ 15,851	\$ 15,241	\$ 17,436	\$ 16,765
Dental	154	139	139	147	147
Vision	831	831	831	850	850
Total	\$ 16,956	\$ 16,821	\$ 16,211	\$ 18,433	\$ 17,762

As shown in the previous table, the FY 2014 instructions included a planning value of \$18,433, an increase of 8.7 percent from the FY 2013 enacted budget. Subsequent to the enactment of the budget, there were several items that are projected to result in savings in medical benefit costs. First, based on the expectation that the year-over-year increase in costs for health insurance will be less than originally projected in July for FY 2014. Based on projected trend data and information provided by the state's health insurance provider, an increase of 10.0 percent in overall medical benefit rates in FY 2014 versus FY 2013 was assumed. Based on the surplus in the health insurance fund in FY 2013, the growth projection was revised from 10.0 percent to 5.8 percent.

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver has been \$2,002 through FY 2011; however, it was reduced to \$1,501 in FY 2012. The Budget Office planning values for FY 2012 included a waiver of \$1,001; however, the budget restored 50.0 percent of the funding because the Budget Office determined that the FY 2012 payment is based on one half of the \$2,002 waiver and one half of the \$1,001 waiver. The Budget Office planning values for FY 2013 and FY 2014 include a waiver of \$1,001.

Retirement. Participation in Rhode Island's hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. Under the new plan, current employees not yet eligible to retire have an individualized retirement age based on their years of service but they must be at least 59 years old to retire. New employees must work until their social security normal retirement age or 67, whichever is lower. The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems' aggregate funded ratio exceeds 80.0 percent; it is equal to the difference between the five-year

smoothed investment return and 5.5 percent, but no more than 4.0 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues. The rate for most employees is 3.75 percent for FY 2014; however, the rate for Public Safety and Workers' Compensation Investigations Unit personnel is 1.75 percent because these employees do not receive worker's compensation; they receive injured on duty benefits. The rate for higher education faculty is 3.31 percent because they do not receive severance payments. The following table shows the rates from FY 2000 to the present.

Assessed Fringe Benefit History															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
% of Salary	0.17	3.14	3.14	3.80	3.78	4.10	4.20	3.52	3.90	3.80	3.90	4.00	3.75	3.75	3.75

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2013, the estimated salary limit is \$113,400. There is no salary limit for the Medicare portion.

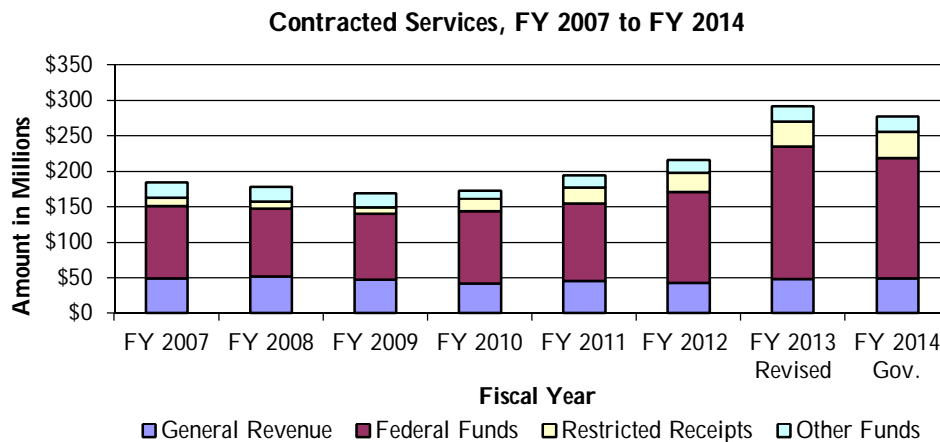
The total rate is 7.65 percent, including 6.20 percent for the Social Security portion and 1.45 percent for the Medicare portion.

Total Costs. The true cost of two employees who have salaries of \$50,000 and \$100,000 and a family health plan in FY 2014 is displayed in the following table.

Cost of a Position - FY 2014 Recommended				
	Expense		% of Salary	
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	1,875	3.75%	3,750	3.75%
Retiree Health	3,900	7.80%	7,800	7.80%
Retirement	12,025	24.05%	24,050	24.05%
Subtotal	\$ 17,800	35.60%	\$ 35,600	35.60%
Health Benefits	17,762	Family Plan	17,762	Family Plan
Total % co-share	(3,552)		(4,441)	
Subtotal Benefits	\$ 32,010	64.0%	\$ 48,922	48.9%
Total Cost	\$ 82,010		\$ 148,922	

Contracted Services. Contracted services make up the remaining 15.1 percent of personnel costs. The Governor’s FY 2014 budget includes \$276.6 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. By fund source, 61.3 percent of the expenses are supported by federal grants and 17.6 percent are funded from general revenues. The Office of Health and Human Services and the Department of Elementary and Secondary Education account for more than a third of these expenses from all sources.

The following chart shows the costs of contracted services from FY 2007 through FY 2014. The total cost remained relatively consistent from FY 2007 through FY 2011; however, there is a decline in the amount of general revenues spent over that time. The significant increase in FY 2012 and FY 2013 are mostly as a result of Race to the Top stimulus funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million in federal funds in the implementation of the Affordable Care Act.



Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contract services they purchase. The paragraphs that follow identify these reporting requirements.

RIGL 37-2.3-1. This statute, first adopted in Chapter 161 of the Public Law of 1985 requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performed legal, medical, accounting, engineering or any other professional services; and the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$0.1 million threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appears that currently only a few agencies are complying with this requirement. The Budget Office indicates that it is in the process of working with those agencies that are in noncompliance to provide this information.

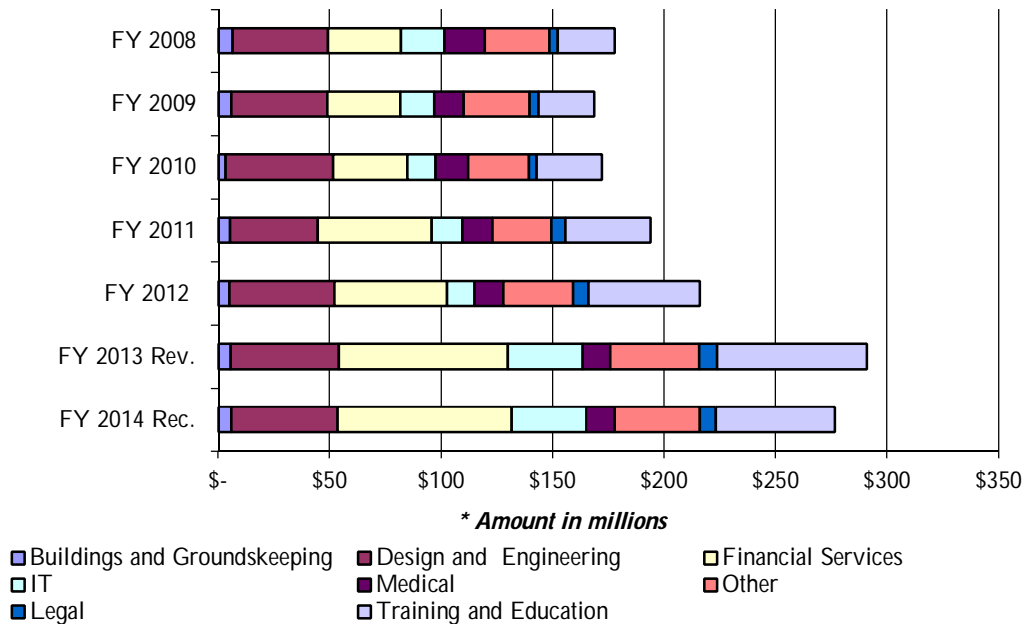
P.L. 2007, Chapter 073. The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007 without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. This language has appeared in every budget since FY 2007. The Governor's recommended legislation excludes it from the FY 2013 revised and FY 2014 budgets.

RIGL 42-148-1. The 2007 Assembly adopted legislation in Public Law 2007, Chapter 73 requiring an extensive cost comparison analysis as well as an appeals process prior to privatization of any state facility, function or property. It required that bids for such services substantially beat the current in-house costs and meet or exceed current service quality and performance. The comparisons must consider monitoring and conversion costs. The 2008 Assembly further amended the legislation by modifying the requirements.

RIGL 42-149-1. This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary works and other non-state employee personnel costs. The report must contain: efforts made to identify qualified individuals or services within state government; factors used in choosing a non-state employee or firm; results of requests for proposals for services or bids for services; and the actual cost and the budgeted cost for the expenditure.

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees of the department, commission, board, council, agency or public corporation. The administration has developed a mechanism within the state's accounting system to calculate this charge; however, it indicates it has not yet reviewed and confirmed that the calculation is being made on the correct costs. Because of this, it has not yet made a transfer to the System.

Contracted Services



The table above shows the types of services provided by outside contractors from FY 2008 to FY 2014. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest area of spending is legal services and buildings and grounds keeping services. The majority of the federal fund decrease in FY 2014 from FY 2013 is for Race to the Top stimulus funding in the Department of Elementary and Secondary Education.

Governor Recommended Personnel Initiatives

The FY 2013 and FY 2014 budgets include several initiatives which could affect personnel costs. These are described in the paragraphs that follow.

- Health Coverage for Former Spouses of State Employees.** Currently, the state employee benefit plan allows coverage to former spouses of employees until the employee or the former spouse remarries. The Governor proposes to cease medical coverage of former spouses effective January 1, 2014 based on the availability of coverage through the health benefits exchange. The Budget includes six months savings of \$1.4 million, including \$0.9 million from general revenues. The state currently covers 405 former spouses, at an annual cost of \$2.9 million.
- Medicare Exchange for Post-65 Retirees.** The Budget includes savings of \$1.1 million from all funds and \$0.6 million from general revenues from an initiative to offer a wider array of benefit choices to post-65 retirees that are likely to cost less. It alters retiree health benefit delivery from direct plan provision to an exchange system where the state converts the value of its co-share into a payment to a retiree Health Reimbursement Account with retirees buying benefits from a wider choice of plans in an exchange.
- FICA Alternative Retirement.** The Budget includes a proposal to give the state an option to not pay social security benefits on certain seasonal and part-time employees. Current employees who select to participate in this plan will no longer pay their contributions to Social Security and instead

contribute 7.5 percent of their pre-tax income to a 401(a) account. The Budget assumes a savings of \$0.4 million from all funds, including \$0.3 million from general revenues.

- **Dental Savings.** The Administration was able to renegotiate a rate increase for its dental contract of 3.0 percent for calendar year 2013 and extend the contract for an additional year at a maximum rate increase of 5.0 percent. For the one year extension, the rate will be calculated based on experience. The Budget assumes \$250,000 in savings, including \$140,000 from general revenues.
- **Employee Health Benefits.** The Budget includes savings of \$0.7 million from a proposal to exclude the brand name drug Nexium from the prescription formulary and replace it with a generic substitute, effective July 1, 2013.
- **Cost-of-Living Adjustment.** The Budget does not include funding for state employee salary increases, and most current labor contracts will expire on June 30, 2013. It does include \$150,000 for labor contract negotiations in both FY 2013 and FY 2014.
- **Employee Classification Study.** The Budgets includes a total of \$1.3 million from general revenues; \$1.0 million will be used in FY 2013 and FY 2014 to obtain outside services to review the state's classification system and to make recommendations to streamline the various classifications. This also includes \$250,000 that was spent in FY 2013 for an initial personnel study.

Recent Compensation and Benefit Revisions

Recent budgets have included initiatives affecting personnel costs including savings from reducing retirement benefits, compensation and implementing pay reductions for state employees. These are described in the paragraphs that follow, along with the Assembly's action on those items.

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

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

As part of a special session, the 2011 Assembly enacted legislation that suspends new cost-of-living adjustments to retirees' benefits until the system is better funded but provides for an intermittent cost-of-living adjustment every five years, if the retirement fund's investment returns reach certain levels, until the system in the aggregate is 80.0 percent funded. It moves all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increased the minimum retirement age for most employees not already eligible to retire and changes the benefit accruals to 1.0 percent

per year of service beginning July 1, 2012. It reduces the vesting requirement from ten years to five years and preserves accrued benefits earned through June 30, 2012. It increased the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age, not to exceed 67, applied proportionally to employees based on current years of service, but no less than 59.

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

- **Pay Reductions.** The Budget enacted by the 2010 Assembly included two initiatives negotiated with employee unions to generate personnel savings. The first was to implement eight pay reduction days in FY 2010 and four pay reduction days in FY 2011. The Department of Administration entered into negotiations with collective bargaining units in the summer of 2009 to reach an agreement to achieve savings while avoiding layoffs. For each pay reduction day, an employee will accrue one and one quarter additional days of paid leave, for a maximum of ten days in FY 2010 and five days in FY 2011. The employee may request to discharge this leave day during any pay period following the period in which it was earned or the employee may elect to receive a cash payment upon termination of state employment.

The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives were intended to save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings ended for FY 2012, and the contract called for a 3.0 percent increase effective July 1, 2011.

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

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

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2013 revised and FY 2014 sections of the *Budget Analysis*.

Distribution of Positions

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

FY 2014 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2013 Enacted</i>	2,276.7	3,671.2	4,680.2	3,189.6	436.0	772.6	15,026.3
Program Changes	6.2	(2.2)	(16.6)	-	(7.0)	-	(19.6)
Federally Funded/Time Limited	(66.2)	5.0	-	-	-	-	(61.2)
Race to the Top	-	1.0	-	-	-	-	1.0
Unified Health Infrastructure Project	-	25.0	-	-	-	-	25.0
New Positions	67.0	73.1	13.0	47.0	-	-	200.1
<i>Total Change to Enacted</i>	7.0	101.9	(3.6)	47.0	(7.0)	-	145.3
FY 2014 Recommended	2,283.7	3,773.1	4,676.6	3,236.6	429.0	772.6	15,171.6

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2013 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.7 percent of all positions.

The Budget includes 2,283.7 full-time equivalent positions for general government agencies, 15.1 percent of the distributed positions. This reflects an increase of 7.0 full-time equivalent positions compared to the FY 2013 enacted budget, including the elimination of 70.5 full-time positions in the Department of Labor and Training primarily for the unemployment insurance division, and the addition of 34.0 full-time positions in the Department of Revenue, primarily casino regulation, and 40.5 full-time positions in the Department of Administration.

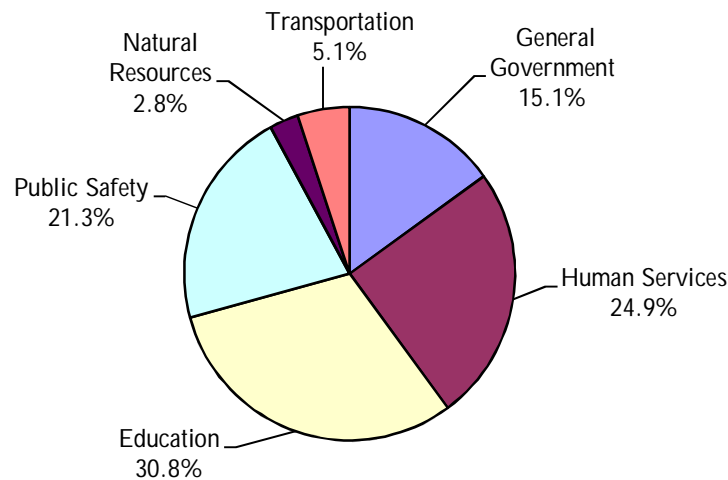
The Budget provides 3,773.1 full-time equivalent positions for human services, or 24.9 percent of all distributed positions. This is 101.9 more positions than the FY 2013 enacted budget and includes 25.0 full-time positions for the Unified Health Infrastructure project, additional positions for administrative activities for Medicaid, eligibility technicians and additional staffing for the two state-run facilities, including nursing assistance.

The Budget includes 4,676.6 full-time equivalent positions for education, 30.8 percent of all distributed positions. This is 3.6 less positions than the FY 2013 enacted budget, primarily for the elimination of 14.0 positions for the Public Telecommunications Authority and the addition of 11.0 positions for Public Higher Education. The total includes 776.2 higher education positions that are dedicated for research or supported by other third party funds.

There are 3,236.6 full-time equivalent positions for public safety agencies, 21.3 percent of all distributed positions. This is 47.0 more positions than the FY 2013 authorized level. This includes 40.0 State Police trooper positions.

The Budget provides 429.0 full-time equivalent positions for natural resources agencies, which is 7.0 fewer positions than the FY 2013 authorized level. The Budget provides 772.6 full-time equivalent positions for transportation, consistent with the authorized level.

Staffing by Function



Program Changes to FY 2013 Enacted Staffing Levels

Administration. The Governor recommends 723.7 full-time positions for FY 2013, 36.5 positions more than the authorized level. This includes 15.0 full-time positions for the Rhode Island Health Benefits Exchange, 2.0 positions for the Office of Regulatory Reform, one of which was transferred from the Economic Development Corporation, 3.5 full-time positions for the Division of Human Resources, 5.0 additional positions for the Office of Digital Excellence, 9.5 positions in the Division of Information Technology for information technology administrators and 1.0 position in the Division of Purchasing. It adds 0.4 positions to reflect a full position for a budget analyst.

He recommends 727.7 positions for FY 2014, 4.0 positions more than the revised budget, including 2.0 positions in the Office of Energy Resources from the Economic Development Corporation for the administration of the Renewable Energy Development Fund, and 1.0 position each in the Divisions of Purchasing and Capital Projects.

Business Regulation. The Governor's budget includes 95.0 positions for the Department of Business Regulation for FY 2013, 1.0 more than the authorized level to reflect a new director of consumer protection and education programs position in the Insurance Regulation division. This position is not recommended for FY 2014.

Labor and Training. The Governor recommends 423.0 full-time positions for FY 2013, 39.5 positions less than the authorized level. This includes a reduction of 36.2 positions from the unemployment insurance division to reflect an anticipated reduction in federal funding and 3.3 other positions within the Department.

He recommends 392.0 positions for FY 2014, 31.0 fewer positions than the revised recommendation. This includes additional reductions of 30.0 positions from the unemployment insurance division, for a total of 66.2 positions from the enacted budget and 1.0 workforce development services position because of additional reductions in federal funding. The recommendation does not account for the

January 2, 2013 extension of federal emergency unemployment compensation, thus the Department may receive more funding than anticipated and lay off fewer positions.

Revenue. The Governor recommends staffing of 489.0 positions for FY 2013, 31.0 positions more than enacted to reflect staffing associated with regulatory table gaming at Twin River. He recommends 492.0 full-time positions for FY 2014, 3.0 more positions than the FY 2013 revised budget to reflect 2.0 new investigative positions and 1.0 Chief Financial Officer.

Office of the General Treasurer. The Governor recommends 83.0 positions which is 1.0 more than enacted. This new legal position will assist with the legal review and compliance in the defined benefit program of the Retirement System.

Public Utilities Commission. The Governor's FY 2013 revised budget includes 48.0 positions, which is 1.0 more than enacted, to reflect the addition of an investigative auditor position for the audits and accounting section. He recommends 49.0 positions for FY 2014, 2.0 more positions than enacted and 1.0 more than the revised budget for a consumer agent position for the Consumer Unit of the Division of Public Utilities and Carriers.

Office of Health and Human Services. The Governor recommends 169.0 positions for FY 2013, which is 1.0 more enacted to support the Aging and Disability Resource Center. For FY 2014, he recommends an additional 21.0 new positions to support the executive office's reorganization and changes under health care reform. He adds 7.0 positions for the Unified Health Infrastructure project, an Associate Director of Management Services to oversee program audit and oversight activities, 5.0 clerk positions, 4.0 rate analysts, and 5.0 administrator and policy positions. He also transfers the chief financial officers from the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Children Youth and Families, Human Services and Health to the Office.

Children, Youth and Families. The Governor includes 670.5 full-time equivalent positions, 5.0 more than enacted. These include 1.0 licensing aide funded through the Race to the Top federal grant and 1.0 chief human services business officer, 1.0 chief human services policy systems specialist, and 1.0 assistant administrator funded through the Substance Abuse Mental Health Administration federal grant. The Department shifts 1.0 associate director of financial management position to the Office of Health and Human Services.

Health. The Governor's FY 2014 budget includes 494.1 positions, 3.2 positions less than enacted, to reflect the addition of 5.0 public health promotion specialists, reduction of 7.2 positions throughout the Department and the transfer of an associate director of finance position to the Office of Health and Human Services.

Human Services. The Governor includes 974.6 positions for FY 2014, which is 33.9 positions more than enacted. He adds 6.0 positions in FY 2013 and 12.0 full-time limited positions in FY 2014 for the Unified Health Infrastructure project, 7.0 eligibility technicians for medical assistance administration, 6.0 social case workers and 4.0 supplemental nutrition assistance eligibility technicians. It also includes the transfer of a financial officer to the Office of Health and Human Services.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommends 41.2 positions more than enacted for staffing of 1,424.4 in FY 2013. This includes 37.8 at Eleanor Slater Hospital and 4.4 in the Division of Developmental Disabilities to support continuous recruiting efforts for nurses, nursing assistants, institutional attendants, cook's helpers and community living aides at the

two state-run facilities. It should be noted that as January 12, the Department is 162.0 positions under its staffing authorization. He also eliminates an administrative position in hospital and community support. He transfers the chief financial officer to the Office of Health and Human Services for staffing authorization of 1,423.4 in FY 2014.

Elementary and Secondary Education. The Governor recommends 357.4 positions which include 2.0 new full-time equivalent positions in FY 2013 and FY 2014 to work on municipal oversight initiatives associated with legislation passed by the 2012 Assembly. These positions will be responsible for the review and analysis of school district financial data, identification of local education agencies considered to be at risk of a year-end deficit or a structural deficit, and monitor for compliance with the Regents' approved budget model and implementation of best practices in school finance and state and federal rules and regulations and generally accepted accounting principles.

Public Higher Education. The Governor recommends 4,255.0 positions which is 11.0 more than enacted. He adds 2.0 new faculty positions at the University and 2.0 new staff positions at the College. He also adds 1.0 position for the Office of Higher Education and 1.0 criminologist position for the Crime Lab.

Rhode Island Higher Education Assistance Authority. The Governor's budget reflects staffing of 36.0 full-time positions, 2.6 positions less than authorized to reflect reduced staffing needs in the loan division.

Rhode Island Public Telecommunications Authority. The Governor's budget reflects the elimination of the Authority's 14.0 full-time positions to reflect the transition from a state agency to control of the Rhode Island PBS Foundation.

Military. The Governor recommends 117.0 positions for FY 2014, 5.0 more than enacted in the Emergency Management Agency. The positions would include coordinators and managers for interoperability communication, incident management, critical infrastructure, domestic preparedness and all hazard planning.

Public Safety. The Governor's budget includes 651.2 positions for the Department of Public Safety for FY 2014. This is 42.0 positions more than enacted. This includes 40.0 new State Police trooper positions and the addition of a public information officer and a paralegal in Central Management.

Environmental Management. The Governor recommends 399.0 positions for FY 2013, 8.0 less than enacted to reflect the elimination of vacant positions, including 3.0 in the Office of the Director, 4.0 in the Bureau of Natural Resources and 1.0 in the Bureau of Environmental Protection. His FY 2014 recommendation includes 400.0 positions, which includes the revised budget changes and a new senior reconciliation clerk who would provide administrative support to the Coastal Resources Division.

Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of a state's expenditure for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010 states now have the option of expanding coverage to include childless adults with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost.

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

FY 2014 Recommended	General Revenues	All Funds	% of Medicaid
OHHS	\$ 826,023,376	\$ 1,791,688,377	79.2%
BHDDH	179,931,064	384,047,063	17.0%
Children, Youth and Families	19,110,404	64,960,461	2.9%
Human Services	8,889,120	20,997,690	0.9%
Health	860,468	1,058,045	0.0%
Total	\$ 1,034,814,432	\$ 2,262,751,636	100%

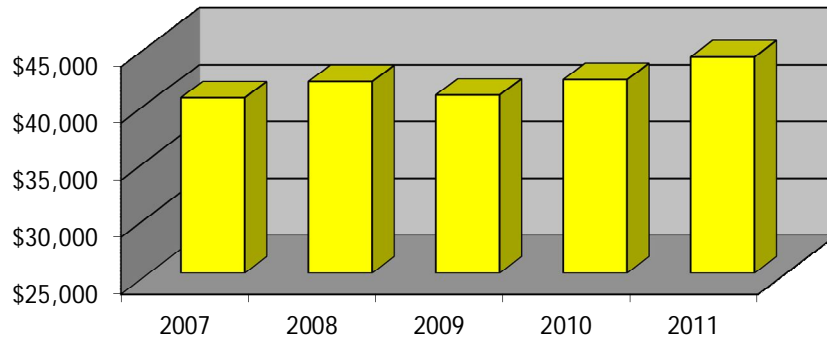
Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a separate Medicaid rate. The formula that determines an individual state's Medicaid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

The chart on the following page includes the change in the state's per capita income during five calendar years. The FY 2014 rate is based on 2009 through 2011 data.

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

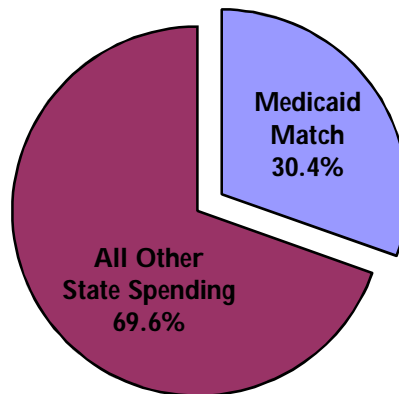
Medicaid – Expansion Population Rate. The federal government will pay 100 percent of the cost for states to provide benefits to childless, non-disabled adults, age 19 to 64, with incomes at or below 138 percent of poverty beginning January 1, 2014 until January 1, 2017 with the rate incrementally decreasing to 90 percent in January 2020 requiring a 10 percent state match. The Governor’s FY 2014 recommended budget includes \$68.9 million from federal funds for this expanded benefit.

State of Rhode Island Per Capita Personal Income



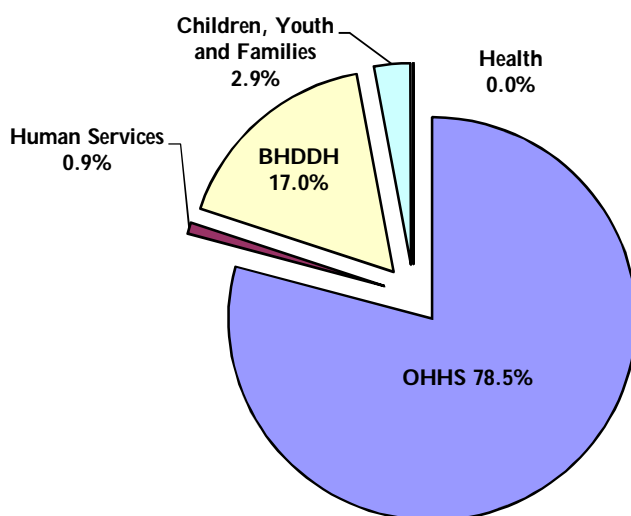
Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 27.9 percent of total spending in the Governor’s recommended budget and 30.9 percent of spending from general revenues.

Medicaid as Percent of General Revenue Spending



The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state’s mandated coverage for these populations, the number of individuals receiving services and the cost, as well as other optional services that the state provides through the health and human service agencies. The following chart shows the percent of Medicaid spending by department. It should be noted the 2012 Assembly concurred with the Governor’s FY 2013 budget recommendation to shift Medicaid benefits to the Office of Health and Human Services. The Office of Human Services’ budget now includes medical benefit expenses for populations receiving other Medicaid funded benefits, such as residential services, through the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.

Medicaid Spending by Department



The American Recovery and Reinvestment Act of 2009. The federal stimulus package provided for temporary increases in the Medicaid rates to provide fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The enhanced rate took effect October 1, 2008 and the state saved approximately \$517.9 million over ten fiscal quarters: \$149.6 million in FY 2009, \$203.1 million in FY 2010, and \$165.2 million in FY 2011.

It should be noted that the FY 2011 enacted budget was based on an anticipated enhanced Medicaid rate of 64.19 percent for the entire fiscal year for savings of \$215.1 million. However based on final actions taken by the federal government when extending the rate six months, it also updated the formula which produced a lower rate. For Rhode Island that updated rate was 62.26 percent. The following includes the Rhode Island Medicaid rates used in FY 2008 through the projected FY 2014 rate. Since the Medicaid rate is published for the federal fiscal year which starts October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island's FY 2014 projected rate is based on one quarter of the federal fiscal year 2013 rate and three quarters of the FY 2014 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

Medicaid Rates	FFY	SFY
FY 2014 Projected	50.11%	50.40%
FY 2013	51.26%	51.48%
FY 2012	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%
FY 2009	63.89%	61.04%
FY 2008	52.51%	52.59%

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

The state saved \$517.9 million over the three-year period as a result of the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The following table shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	203.1
FY 2011 Actual	165.2
Total*	\$ 517.9
<i>*in millions</i>	

The Patient Protection and Affordable Care Act of 2010. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provides for national health care reform. The following week, he signed a package of amendments to the Act, called the Health Care and Education Reconciliation Act of 2010, though when referring to health care reform legislation, the Affordable Care Act (ACA) is the referenced Act, and the amendments are considered included.

The Act requires most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expands Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. It also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty. The Act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age, but not eligible for Medicare.

Expanding Medicaid Program. Title II of the Act expands eligibility for Medicaid to lower income persons and assumes federal responsibility for much of the cost of this expansion. Beginning on January 1, 2014, all children, parents and childless adults who are not entitled to Medicare and who have family incomes up to 138 percent of poverty will become eligible for Medicaid. The Governor's FY 2014 budget expands coverage to this population.

Between 2014 and 2016, the federal government will pay 100 percent of the cost of covering newly-eligible individuals. The benefits are 100 percent federally funded until January 2017, at which time the Medicaid rate will decrease to 95 percent in FY 2017, 94 percent in 2018, 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match. Rhode Island will receive federal funds according to this schedule.

States will be required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019 for children currently in Medicaid. For Rhode Island, this requirement applies to RIte Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent.

Similar to provisions in the American Recovery and Reinvestment Act, states cannot take actions to lower enrollment or make eligibility stricter. States can reduce provider fees, but must prove that the cuts will not make it harder for Medicaid patients to get needed care, and states may eliminate optional benefits.

Health Benefits Exchange. The Affordable Care Act created a new mechanism for purchasing health insurance coverage called exchanges. Health insurance exchanges are entities that will be established in states to create a more organized and competitive market for health insurance by offering a choice of health plans, establishing common rules regarding the offering and pricing of insurance, and providing information to help the consumers better understand the options.

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

Health plans offered through the Exchange will be categorized into tiers based on level of benefits and cost sharing requirements. Individuals in households with income below 400 percent of poverty who are not Medicaid eligible will receive federal subsidies to reduce the cost of commercial health plans purchased through the Exchange.

The Affordable Care Act allows young adults to remain on their parents' or guardian's health plan until age 26; this provision became effective September 23, 2010. Issued regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island currently requires insurance plans which cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student and if the dependent child is mentally or physically impaired, the plan must continue their coverage after the specified age.

Unified Health Infrastructure Project. The state has received approval from the Centers for Medicare and Medicaid Services to implement a nine-year \$235.9 million project that includes \$162.6 million from Medicaid matched by \$73.3 million from general revenues. The project is a joint venture among the Office of Health and Human Services, Department of Human Services, Office of the Health Insurance Commissioner and the Health Benefits Exchange. The project will replace the state's existing eligibility system with a new integrated one that will eventually determine eligibility for all health and human service programs, including new health care reform subsidies, through a single application.

Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Global Consumer Choice Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare & Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, cost effective way to meet the needs of its citizens. The waiver is effective from January 16, 2009 through December 31, 2013, at which time the state can reapply for the global waiver. If the state does not reapply for the global waiver, it can continue to operate the Medicaid program but must apply for separate waivers for any programs it provides or recipients it chooses to cover beyond what is mandated by the federal government.

Programs under the waiver include RIte Care, Rhody Health, Connect Care Choice, home and community based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments. It also allowed the state to leverage Medicaid for services that were previously state-only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families.

Rhode Island Global Waiver Evaluation. The Office of Health and Human Services commissioned the Lewin Group to conduct an evaluation of the impact of the Rhode Island Global Consumer Choice Compact Waiver. The final report, titled *An Independent Evaluation of Rhode Island's Global Waiver*, was submitted on December 6, 2011. It addressed three specific issues: (1) have global waiver and budget initiatives changed the long-term care processes, procedures and providers payments affected by enrollment, utilization, and cost of services and supports provided to elder and adults with disabilities in home and community based versus institutional settings; (2) have global waiver budget initiatives designed to reduce cost through care management by providing each member with a medical home affected Medicaid expenditures and improved health outcomes, particularly for those beneficiaries with disabilities and (3) have the global waiver initiatives facilitated the state's effort to ensure that every Medicaid beneficiary has "the right services, at the right time, in the right setting"?

The Lewin Group concluded that the during the three year period, FY 2008 to FY 2010, the number of individuals accessing nursing home care declined by three percent and the number of those using home and community based services rose by 9.5 percent for savings of \$35.7 million in long term care savings in that three year period.

The state was also able to mandatorily enroll disabled adults and children with special health care needs in care management programs that provide a medical home. The result of this initiative was lower emergency room utilization and improved access to physician services for savings of \$5.0 million in the three year period. The Global Waiver also allowed the state to leverage Medicaid for previously state funded programs in health and human service agencies. The report is available on the Executive Office of Health and Human Services' website at <http://www.eohhs.ri.gov>.

Medicaid Expenses - State/National Comparison. The following table compares national and state 2009 Medicaid spending using the Centers for Medicare and Medicaid Services 2010 Actuarial Report on the Financial Outlook for Medicaid and information from the state's Executive Office of Health and Human Services. Rhode Island's enrollment of children and parents (the state's RItE Care population) is a lower percent of total Medicaid enrollment than the national average. 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 Office of Health and Human Services' budget.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US*	RI	US	RI	US	RI	US	RI	US	RI
Population	24.0	77,872	48.9%	44.5%	\$ 68,400	\$ 228.3	20.0%	13.4%	\$2,848	\$2,932
Children	11.4	39,190	23.2%	22.4%	46,800	172.5	14.0%	10.2%	4,123	4,402
Adults	9.0	40,763	18.3%	23.3%	148,400	871.1	44.0%	51.3%	16,563	21,371
Blind/Disabled	4.8	17,312	9.8%	9.9%	74,600	425.5	22.0%	25.1%	15,678	28,541
Aged	Total	49.1 175,137	100%	100%	\$338,100	\$1,697.4	100%	100%	\$6,890	\$9,692

Source: Centers for Medicare and Medicaid Services 2010 Actuarial Report on the Financial Outlook for Medicaid and the Office of Health and Human Services; *in millions

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 Office of Health and Human Services, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.

Enrollment and expenses for the aged population are 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 Office of Health and Human Services and the Department of Human Services' Division of Elderly Affairs.

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 2013 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 11,490	\$ 15,282	\$ 15,856	\$ 17,235	\$ 20,108	\$ 20,682	\$ 21,257	\$ 22,980	\$ 28,725
2	15,510	20,628	21,404	23,265	27,143	27,918	28,694	31,020	38,775
3	19,530	25,975	26,951	29,295	34,178	35,154	36,131	39,060	48,825
4	23,550	31,322	32,499	35,325	41,213	42,390	43,568	47,100	58,875
5	27,570	36,668	38,047	41,355	48,248	49,626	51,005	55,140	68,925
6	31,590	42,015	43,594	47,385	55,283	56,862	58,442	63,180	78,975
7	35,610	47,361	49,142	53,415	62,318	64,098	65,879	71,220	89,025
8	39,630	52,708	54,689	59,445	69,353	71,334	73,316	79,260	99,075

For families with more than 8 members, add \$4,020 for each additional member for the 100 percent calculation.

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

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

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

Medicaid Recipients

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

The table on the following page shows the populations that a state must provide medical benefits to and the eligibility criteria established in Rhode Island. Each is discussed separately in the following pages.

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

Children and Parents. Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 175 percent of poverty through the

Rlte Care and Rlte Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

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

Populations	
Mandatory	Optional
Low income Medicare beneficiaries	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Individuals who would qualify under 1996 AFDC eligibility standards (50% of poverty)	Parents to 175% of poverty <i>Childless, non-disabled adults ages 19 through 64 at or below 138% of poverty*</i>
Supplemental Security Income or Social Security Disability Insurance recipients	Individuals who are medically needy
Children under 6 and pregnant women at or below 133% of poverty	Children to 250% of poverty
Children 6 to 19 at or below 100% of poverty	
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care
Infants born to Medicaid enrolled pregnant women	Women eligible for breast and cervical cancer treatment services

**Proposed in the Governor's FY 2014 recommended budget.*

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

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

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

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

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

Childless, Non-disabled Adults. The Governor’s FY 2014 recommended budget expands coverage to childless, non-disabled adults between the ages of 19 and 64 at or below 138 percent of federal poverty consistent with the changes under the Affordable Care Act.

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

Medicaid - Benefits

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

The Executive Office of Health and Human Services’ FY 2010 Annual Medicaid report includes a breakdown by cost by mandatory and optional populations and mandatory and optional services. The state spent \$1,811.0 million from federal and state funds on Medicaid services. Of this total \$652.0 million, or 36.0 percent, was spent on mandatory services for mandatory populations.

Mandatory Populations*		
Mandatory	Gen. Rev.	All Funds
Mandatory Services	\$ 235.2	\$ 652.0
Optional Services	106.4	295.0
<i>Subtotal - Mandatory Populations</i>	<i>\$ 341.7</i>	<i>\$ 947.0</i>
Optional Populations*		
Mandatory Services	\$ 223.0	\$ 618.0
Optional Services	88.8	246.0
<i>Subtotal - Optional Populations</i>	<i>\$ 311.7</i>	<i>\$ 864.0</i>
Total Expenses	\$ 653.4	\$ 1,811.0
<i>* In millions</i>		

The following includes Medicaid spending for FY 2010 by population and cost per person according to the Office of Health and Human Services’ FY 2010 Annual Medicaid report.

Populations	Persons	Costs*	Per Person
Children/Parents	123,960	\$ 462.0	\$ 3,720
Elderly	17,417	453.0	26,004
Disabled - Children	12,403	206.0	16,644
Disabled - Adults	28,828	690.0	23,952
<i>* In millions</i>			

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

Acute Care Benefits	
Mandatory	Optional
Physician services	Prescriptions
Lab & s-ray	Rehabilitation & other therapies
In/outpatient hospital services	Clinic Services
Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services	Dental, dentures, prosthetic devices & eyeglasses
Family planning services and supplies	Case management
Federally qualified health centers and rural health clinic services	Durable medical equipment
Nurse midwife as state law permits	Tuberculosis related services
Certified pediatric & family nurse practitioner services	Medical remedial care provided by other licensed professionals

In addition, the next table includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

Long Term Care Benefits	
Mandatory	Optional
Institutional	
Nursing facility services for those 21 or older needing that level of care	Intermediate Care Facility for the Developmentally Disabled
	Individuals 65 or older in an institute of mental disease
	Inpatient psychiatric hospital service for those under 21
Home and Community Care Services	
Home health care services for those entitled to nursing home care	Home & community based care/other home health care
	Targeted case management
	Hospice - personal care
	Respiratory care services for ventilator dependent individuals
	PACE Program

Medicaid Programs

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

Medical Benefits

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

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family

of four with an income that does not exceed \$55,875) and to parents if the family income is at or below 175 percent of poverty (for that same family of four, an income that is not above \$39,113). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RItE Care benefits but the parent (or parents) would not because the annual income is too high.

RItE Care Cost Sharing Requirement. RItE Care recipients above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments based on a family's annual income and are approximately three percent of annual income.

RItE Care Co-Pays	
Poverty Level	Current
up to 133	\$ -
133 up to 150	-
150 up to 185	61
185 up to 200	77
200 up to 250	92

Rhode Island General Law 40-8.4-4 allows the state to charge a monthly cost sharing requirement that does not exceed five percent to RItE Care recipients whose income is between 150 percent and 250 percent of poverty. The rates are set through the rules and regulations process. The 2011 Assembly, in concurrence with the Governor's recommended budget, increased the payment for families between 150 percent and 250 percent of poverty to five percent of family income, effective October 1, 2011; however, the Centers for Medicare and Medicaid Services did not allow 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 was not allowed and the rates remain at the September 30, 2011 level.

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

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

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

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

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

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

Long Term Care Residential and Community Care Services

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

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

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

Home and Community Care Services. Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their home instead of moving into a nursing home.

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

Residential Services/Other Programs

Adults with Developmental Disabilities. States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are supplemental security income recipients. The state continues to maintain four Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) (four group homes) through the Eleanor Slater Hospital System, with the Tavares Pediatric facility as the state's fifth intermediate care facility.

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

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

Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older not under the jurisdiction of the Department of Children, Youth and Families and who is either a mentally retarded developmentally disabled adult or is a person with a severe, chronic disability.

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

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

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

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

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

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

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

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

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

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

HIV Treatment Services. The state provides treatment and supportive services to HIV positive individuals who are uninsured and at/or below 400 percent of poverty.

Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the umbrella agency for the four health and human services departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2014*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	OHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and Parents	X				
Elderly	X	X			
Disabled	X				
<i>Childless, Non-disabled Adults (age 19 to 64)*</i>	X				
Residential and Other Services					
Nursing and Hospice Services	X				
Assisted Living Services	X	X			
Home and Community Based Services - Elderly	X	X			
Foster Care and Group Home Placements - Children				X	
Community Based Services - Developmentally Disabled			X		
Mental Health and Substance Abuse Treatment Services			X		
HIV Surveillance and Treatment Services	X				X
<i>* Proposed in the Governor's FY 2014 recommended budget</i>					

American Recovery and Reinvestment Act

Introduction

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act. Generally referred to as the Stimulus Act, it provides nearly \$800 billion of federal spending designed to prevent further deterioration in the national economy, provide relief to states and individuals, and create new jobs. By the end of FY 2014, the Act will have provided close to \$1.8 billion to Rhode Island through direct budget relief as well as competitive and formula grants. The types and uses of this funding will be further explained in this report.

Types of Funding

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

In Rhode Island, direct budgetary relief was in the form of funds that could support expenses in the Departments of Elementary and Secondary Education, agencies with Medicaid expenses, Human Services, Corrections and Public Safety. Availability of these funds impacted the whole budget by limiting the reductions that may have occurred without these funds. Including amounts recommended by the Governor for FY 2013, direct budget relief from stimulus funds beginning in FY 2009 totals \$657.5 million. The distribution of these funds to the state agencies is illustrated in the following table.

Budgetary Relief

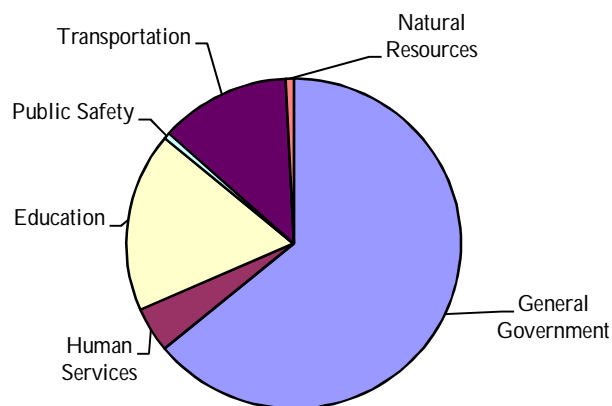
Agency/Department	Pre-FY 2013	FY 2013 Revised	FY 2014 Recommended	Total
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$ 117,483,530	\$ 240,000	\$ 240,000	\$ 117,963,530
Children, Youth and Families	19,876,806	204	182	19,877,192
Corrections	20,078,361	-	-	20,078,361
Elderly Affairs	1,661,525	-	-	1,661,525
Health	4,572,035	310,392	-	4,882,427
Human Services	376,796,347	-	-	376,796,347
Public Safety	9,612,212	-	-	9,612,212
Elementary and Secondary Education	106,838,409	-	-	106,838,409
Total	\$ 656,919,225	\$ 550,596	\$ 240,182	\$ 657,710,003

Competitive and Formula Grants. The Stimulus Act provides additional funding in the form of competitive and formula grants. For ongoing formula grant programs, additional funding was provided to the federal agency and then distributed to states based on existing formulas. An example of this is the Department of Transportation's Federal Highway funding. The annual funding the Department receives is based on a federally determined formula. When more funding became available through the Act, the Department was allocated its additional share based on the existing formula. This process originally provided the Department with an additional \$137.1 million for construction projects on highways, roads and bridges.

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

Including amounts recommended by the Governor for FY 2014, state agencies will receive \$1,224.7 million from formula and competitive grants through the Stimulus Act. Approximately 64 percent of these grants are for general government functions, the largest of which is dedicated to unemployment benefits in the Department of Labor and Training. This accounts for over \$500 million of the grants provided to the state from fiscal years 2009 through 2012. The following chart illustrates the proportion of funding each function of state government is receiving through the Act.

Competitive and Formula Grants by Function



Oversight

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

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

It should be noted that the 2012 Assembly authorized the creation of the state’s Office of Management and Budget. The new Office has assumed the responsibilities of the Office of Economic Recovery and Reinvestment.

Rhode Island’s Stimulus Award

Beginning in FY 2009 and including amounts budgeted for FY 2014, state agencies will receive \$1,785.0 million from all stimulus funds. Funding is budgeted in 23 separate agencies through the FY 2014 period. During FY 2009, the Stimulus Act was in its beginning stages and federal guidance was limited. Because of this, \$259.9 million or 14.6 percent of stimulus funding was spent in the first year. The \$1,212.9 million included in fiscal years 2010 and 2011 was distributed in a more even manner, with over \$700 million spent in FY 2010 and over \$500 million for FY 2011. As Stimulus Act funds are largely extinguished in FY 2013, recommended funding drops to \$107.5 million, with only \$43.9 million recommended for FY 2014.

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

Agency/Department	Pre-FY 2013	FY 2013	FY 2014	Total
		Revised	Recommended	
Administration	\$ 48,519,115	\$ 9,585,775	\$ 250,000	\$ 58,354,890
Attorney General	521,016	104,000	-	625,016
Behavioral Healthcare, Developmental Disabilities and Hospitals	117,483,530	240,000	240,000	117,963,530
Board of Governors for Higher Education	27,409,603	-	-	27,409,603
Children, Youth and Families	20,926,403	599,348	389,377	21,915,128
Coastal Resources Management Council	2,358,386	150,000	757,914	3,266,300
Corrections	20,659,368	265,073	75,164	20,999,605
Elementary and Secondary Education	233,404,204	40,847,794	31,223,912	305,475,910
Environmental Management	5,591,887	305,000	-	5,896,887
Executive Office of Health & Human Services	-	312,000	537,780	849,780
General Treasurer	185,863	-	-	185,863
Governor's Office	1,560,784	-	-	1,560,784
Health	7,604,416	2,062,589	480,604	10,147,609
Human Services	450,562,803	5,906,643	9,751,245	466,220,691
Judiciary	158,780	-	-	158,780
Labor and Training	680,941,301	46,293,677	-	727,234,978
Military Staff	454,493	-	-	454,493
Public Safety	14,496,488	597,100	73,809	15,167,397
Public Utilities Commission	444,533	238,200	76,244	758,977
Office of Public Defender	71,484	-	-	71,484
Revenue	23,899	-	-	23,899
Rhode Island Council on the Arts	291,500	-	-	291,500
Transportation	140,602,552	7,013,169	6,865,921	154,481,642
Total	\$1,633,669,856	\$ 107,507,199	\$ 43,856,049	\$1,785,033,104

Education. Including amounts budgeted for fiscal years 2013 and 2014, the state will receive \$151.4 million from stimulus funds, including \$0.8 million in direct budgetary relief and \$150.6 million from competitive and formula grants. Education funding is to be used for three distinct purposes, which are summarized in greater detail below.

State Fiscal Stabilization Fund. The state received \$32.7 million through FY 2012 to avoid reductions in public higher and elementary and secondary education. The funds were made available to Rhode Island for use in FY 2009 through FY 2012. The funds were eligible for general use, as well as education related activities such as school repair, renovation or modernization. In lower education, funding was used as education aid to districts in lieu of general revenues. In higher education, funding was used for fire safety repair work at the institutions, and distributed based on the square footage of existing academic buildings that needed fire safety improvements.

Education for Disadvantaged Title I. This is a formula grant that provides a total of \$46.4 million, including \$5.1 million for fiscal years 2013 and 2014, to be distributed through Title I funding streams. The purpose of funding is to help school districts mitigate the effects of recent reductions in local revenues and state support. Funding will be distributed through the existing formula, which flows through the Department of Elementary and Secondary Education. The formulas are based on census poverty estimates and per pupil expenditures for each state.

Special Education. This is a formula grant that provides funding for students with disabilities. The Act provided \$44.5 million for students with disabilities through three formulary-funding streams during the FY 2009 through FY 2012 period. A state is eligible to receive this funding if it submits a state plan with assurances that it has policies to provide a free and appropriate public education to children with disabilities between the ages of 3 and 21. Funding was distributed through the existing formula, which flows through the Department of Elementary and Secondary Education.

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

The federal stimulus package provided for temporary increases in the Medicaid rate to allow for fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The state saved \$517.9 million from FY 2009 through FY 2011 as a result of the enhanced Medicaid rate included in the Stimulus Act. The following table shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	203.1
FY 2011 Actual	165.2
Total*	\$ 517.9
<i>*in millions</i>	

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

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

Unemployment Insurance. The Stimulus Act provided full federal funding of state extended benefits, which are normally funded 50.0 percent from the state’s Trust Fund and 50.0 percent from federal funds. Rhode Island state extended benefits were triggered in July 2008 when the state’s 13-week

average unemployment rate was 6.5 percent. The Stimulus Act also provided for up to an additional 53 weeks of benefits, fully funded with federal funds. Full federal funding means that the benefit payments do not come from the state's Trust Fund account. All regular unemployment insurance benefits are paid from the state's Trust Fund and normally half of the extended benefit payments are paid from this account. The additional 53 weeks of benefits would not have been available to claimants if the Stimulus Act and the following extensions had not been provided. The state spent \$282.6 million from stimulus funds for additional unemployment benefits in FY 2010, \$186.3 million in FY 2011 and \$157.0 million in FY 2012.

The Governor's recommendation includes \$45.2 million in FY 2013 and no additional funding in FY 2014. Rhode Island triggered off of state extended benefits on July 1, 2012, the federal government reduced the number of weeks of federal benefits as of September 2, 2012, and the Governor's recommendation does not include the January 2, 2013 extension, authorized as part of the fiscal cliff negotiations, which extends federal benefits from December 29, 2012 through December 28, 2013.

Transportation. The Department identified 62 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. These projects were included in the current Transportation Improvement Program, and the stimulus funds allowed the project start dates to be moved forward. The Department spent \$65.3 million for these purposes in FY 2010, \$58.5 million in FY 2011 and \$11.4 million in FY 2012. The combined expenditures for FY 2013 and FY 2014 total \$13.9 million, which reflects the end of the availability of stimulus funds.

Weatherization Assistance Program. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. In FY 2010, \$3.8 million was spent for these purposes, with \$8.8 million spent in FY 2011 and \$6.9 million spent in FY 2012. The Governor's revised recommendation includes \$0.8 million for FY 2013.

State Energy Program. The State Energy Program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. In FY 2010, \$0.2 million was spent for the program with \$7.6 million spent in FY 2011 and \$6.8 million spent in FY 2012. The Governor's recommendation includes \$7.2 million in FY 2013 and \$0.3 million for FY 2014.

Stimulus Jobs

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

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

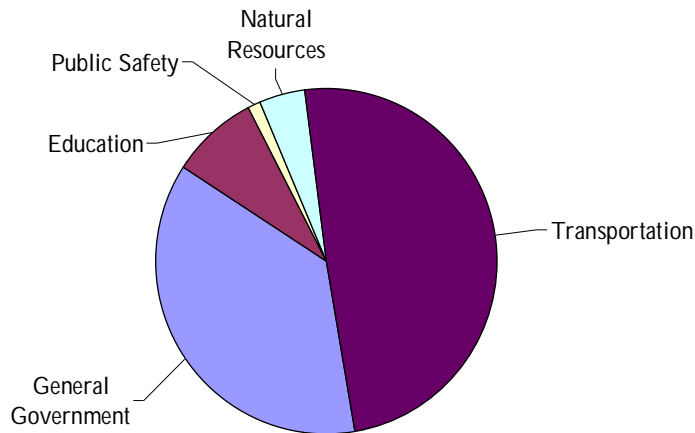
These job numbers include the positions hired directly by the state or quasi-state agency because of stimulus funding, as well as jobs performed by vendors doing work associated with stimulus funded programs. The vendors who receive jobs or payments from prime recipients of stimulus funding are referred to as sub-recipients. As of the end of 2012, over 1,200 full-time equivalent positions were supported with stimulus funding. It should be noted that in the early stages of the Act, the federal government had planned to track the number of jobs that would be “created” or “saved” through the Act. Due to the difficulty of translating the reported data into reliable and transparent statistics, the language concerning jobs has subsequently been altered to reflect jobs that are paid for with stimulus funding. Jobs discussed in this report refer to jobs that are paid for with Stimulus Act funding, as to not be misinterpreted as “created” or “saved”.

Included in the total jobs calculation are the positions the state added as a direct result of stimulus funding. In FY 2011, there were 181.0 total positions added in eight state agencies, excluding quasi-state agencies. The majority of the additional positions include 89.0 provided to the Department of Transportation to facilitate stimulus funded projects and 45.0 positions to the Department of Labor and Training to expedite the payment of unemployment benefit claims. For FY 2012, the budget included an additional 22.0 positions in the Department of Elementary and Secondary Education for implementation of the Race to the Top award. This was offset by a reduction of 42.0 positions in the Department of Labor and Training to reflect the conclusion of Stimulus funding.

During FY 2012, the Department of Transportation converted its stimulus funded positions to personnel included in its usual budget. The Department of Labor and Training reported no stimulus funded positions in its FY 2012 budget. These positions were either eliminated or converted to non-stimulus funded accounts.

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

State Stimulus Jobs by Function



FY 2014 and Beyond

The FY 2014 budget recommendation contains \$43.9 million in stimulus funded expenditures, with the majority of expenditures requested for education, transportation and human service related programs. Beginning in FY 2012, substantial funding previously provided through the Stimulus Act was no longer available. Because of the direct budget relief provided by some of these funds in previous budgets, the removal of funding caused a sharp drop off in resources, which resulted in a “cliff” effect for the state.

Despite the majority of large scale stimulus funded projects extinguished in fiscal years 2011 and 2012, there are still multiple projects that will continue to operate through FY 2015. The state’s Office of Economic Recovery and Reinvestment, through the Office of Management and Budget, has compiled a list of total funding allotments since the state began receiving Stimulus funds in FY 2009 through the anticipated extinguishment of Stimulus funds in FY 2015. The following table combines funding for both state and quasi-state agencies, and shows the decline in remaining resources from FY 2009 through FY 2015.

Fiscal Year	Number of Awards	ARRA Funds Remaining
2009	104	\$ 1,937,232,904
2010	176	\$ 2,084,844,347
2011	193	\$ 1,505,227,816
2012	195	\$ 1,166,027,542
2013	195	\$ 348,198,160
2014	195	\$ 278,548,123
2015	195	\$ 199,003,336
2016	195	\$ -

As the above table indicates, Stimulus funding will continue to have a significant impact on the state through FY 2015, and will not be completely exhausted until FY 2016. It should be noted that the federal Office of Management and Budget has issued a memorandum regarding the acceleration of stimulus fund spending. It requires that all stimulus funds must be spent by federal agencies by September 30, 2013. However, each federal awarding agency can apply for an extension beyond that date.

Limitations of Data

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

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

Additional Resources

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

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2013 budget adopted by the 2012 General Assembly contains 38 state agencies and departments. The Governor's FY 2014 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2012 Assembly. These are noted below along with a history of prior proposals and enacted changes.

FY 2014

Renewable Energy Fund Program Transfer. The Budget transfers the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund, and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Budget includes expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. The Governor also proposed this transfer in his FY 2013 budget, but the Assembly did not concur.

Office of Regulatory Reform. Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of 2012 Public Law to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. The Governor's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues.

Rhode Island Health Benefits Exchange. The Budgets reflect the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. 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.

Construction Permitting, Approvals and Licensing. The Budgets reflect the creation of a new program in the Department of Administration; Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicates that the program change was necessary to avert the appearance of conflict of interest between the Office of Capital Projects and the aforementioned offices.

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

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

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

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

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

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

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

FY 1997

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

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

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

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

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

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

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

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

The Governor recommended to the 1996 Assembly that the Department be established as a Library Information Services division within the Department of Administration. The division would continue

to support the development of the state libraries' access to information resources as well as adding the task of the Department of Administration information processing to its responsibilities. The Assembly concurred.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State Energy Office. Governor Almond proposed transferring the agency to the Department of Administration, Division of Central Services. The Governor had recommended in his presentation of the FY 1996 budget to the 1995 Assembly that the Office of Housing, Energy and Intergovernmental

Relations be broken up with the energy conservation program integrated into the Department of Administration Central Services and means tested energy programs placed in the Department of Human Services. He modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation with the emergency shelter grants portion of housing being transferred to the Department of Human Services.

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

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

FY 1998

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

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

FY 2000

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

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

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

FY 2002

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

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

FY 2003

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

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

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

FY 2004

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

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

Eleanor Slater Hospital. Governor Carcieri recommended closure of a psychiatric ward and a medical ward at the Eleanor Slater Hospital on the Pastore Complex in Cranston. One unit is in the Adolf Meyer Building and the other in the Long Term Care Unit on the Cranston Campus. The projected hospital census following the FY 2004 plan implementation was projected to be between 360

and 370. His budget assumed \$10.3 million in savings, of which \$4.6 million is general revenues. The Assembly concurred.

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

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

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

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

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

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

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

FY 2005

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

responsible for oversight, coordination and development of all computer resources within the Executive Branch. The Assembly concurred.

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

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

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

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

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

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

FY 2006

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

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

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

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

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

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

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

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

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

Adult Literacy. On November 23, 2004, the Department of Elementary and Secondary Education signed a Memorandum of Agreement with the Department of Labor and Training to consolidate the management of all state adult basic education activities at the Department of Education. Governor Carcieri recommended consolidating the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new adult education executive director in his FY 2006 budget. He added 3.0 positions, including the new executive director. The Assembly concurred and provided \$0.3 million from general revenues and \$4.1 million from Human Resource Investment Council grants.

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

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

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

FY 2007

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

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

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

Closure of Registry Branch Offices. Governor Carcieri recommended closure of all satellite offices of the Registry of Motor Vehicles. They are in West Warwick, Wakefield, Woonsocket, Warwick, Westerly, Middletown, and Warren. Of the 31.0 positions assigned to the branch offices, 13.5 would be transferred to the main registry office in Pawtucket, and 17.5 would be eliminated. The Assembly did not concur and restored funding and the 17.5 positions to maintain all registry branch offices open for FY 2007. The Assembly also transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

Registry and School Bus Inspection Unit Closure. Governor Carcieri recommended closure of the school bus inspection unit and elimination of 8.0 full-time equivalent positions. This change would require outside inspection companies to do the bus inspections for a fee paid by the local city and town

school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007. The Assembly then transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

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

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

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

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

Health and Human Services Secretariat. Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services, Elderly Affairs, Mental Health, Retardation and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of secretary of health and human services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget does not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This includes 2.0 from Department of Human Services, 1.0 from Department of Children, Youth and Families, 1.0 from Department of Health and 1.0 from the Governor's Office.

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

Corrections Educational Programs. Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0

instructors and individual instruction contracts and the establishment of a single \$550,000 contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

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

FY 2008

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

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

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

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

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

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

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

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

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

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

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

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

FY 2009

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

Governor Carcieri recommended the consolidation of the Commission on the Deaf and Hard of Hearing, the Developmental Disabilities Council, and the Governor's Commission on Disabilities with the Department of Elderly Affairs to form the new Department of Elderly Affairs and Advocacy in compliance with legislation passed by the 2007 Assembly. He did not include the Child Advocate or the Mental Health Advocate in the consolidation, indicating that these two agencies should remain separate to perform their independent oversight functions. The Assembly did not concur with the merger proposal. It maintained the Governor's Commission on Disabilities and the Commission on the Deaf and Hard of Hearing as agencies along with the Child Advocate and the Mental Health Advocate. The Assembly also transferred the Developmental Disabilities Council to the University of Rhode Island's budget, while the Council seeks federal approval to become a non-profit corporation.

Coastal Resources Management Council. Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the

functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

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

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

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

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

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

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

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

West Warwick Branch Closure. Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch is currently staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes

relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget will not be complete until FY 2010.

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

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

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

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

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

FY 2010

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

Contractors' Registration and Licensing Board. Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

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

provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

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

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

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

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

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

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

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

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

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

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

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

FY 2011

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

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

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

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

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

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

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

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

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

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

FY 2012

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

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

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

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

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

Department of Veterans’ Affairs. The Assembly maintained the Division of Veterans’ Affairs within the Department of Human Services and created a new position, Director of Veterans’ Affairs. The 2009 Assembly included legislation to create a Department of Veterans’ Affairs and the 2010 Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. The Governor’s FY 2012 budget recommendation included the creation of the Department of Veterans’ Affairs.

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

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

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

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

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

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

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

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

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

FY 2013

Energy Program Transfers. The Governor included the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. He also proposed the transfer of the Regional Greenhouse Gas Initiative from the Department of Environmental Management, and the Renewable Energy Program from the Economic Development Corporation to the Office of Energy Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

Office of Management and Budget. The Assembly adopted legislation to create a new Office of Management and Budget that will assume the functions of the State Budget Office and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grant applications. The legislation also requires the Office to perform a study on transportation programs to be submitted to the Governor and the General Assembly by November 1, 2012. The Budget includes 11.0 new positions, including a director to be appointed by the director of the Department of Administration. The Governor's original proposal called for eliminating the Bureau of Audits allowing the new Office to absorb some of those functions. The Assembly retained the Bureau of Audits, as is.

Human Resources Restructure. The Governor's FY 2013 budget recommendation includes a savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, which is about half of the current staff. The Governor's FY 2012 revised budget includes \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

RI Film and Television Office. The Assembly transferred the Film and Television Office from the Arts Council to the Department of Administration. It provided general revenue funding of \$0.3 million and 2.6 full-time positions, consistent with the Governor's recommendation.

Office of Digital Excellence. The Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. It authorized a chief digital officer, who must be appointed by the director of the Department of Administration, with approval from the Governor. The Office shall coordinate its efforts with the Division of Information Technology. The legislation requires the chief digital officer to report to the Governor, the Speaker of the House of Representatives, and the Senate President every January 31 the status of all technology infrastructure projects, website improvements, number of e-government transactions and revenues generated and projects supported by the Information Technology Investment Fund.

Rhode Island Health Benefits Exchange. The Budget reflects the Rhode Island Health Benefits Exchange in the Office of the Governor. 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 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 Budget includes 6.0 positions, including a director to oversee the Exchange.

Medicaid Benefits Program. The Governor's budget transferred the Medicaid medical benefits program from the Department of Human Services to the Executive Office of Health and Human Services. The administrative staff was transferred in FY 2012, and the eligibility application process will remain with the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department. The Assembly concurred.

HIV Care and Treatment Program. The Governor requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

Higher Education Assistance Authority Merger. The Governor's budget includes the transfer of \$27.8 million and 39.6 out of the authorized 41.6 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. He proposed legislation that would terminate the Authority and its corporate existence on September 1, 2012 and all of its rights, obligations and properties would be transferred to the Board of Governors for Higher Education. The Assembly did not concur with the proposed merger and provided \$27.7 million and 38.6 positions, maintaining the Higher Education Assistance Authority as a stand-alone agency.

Board of Education. The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

Dispatch Unit and Port Security. The Budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2012 Assembly enacted legislation to reverse its prior mandate for the transfer.

Program Review. The Governor's budget recommended a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council to be conducted by a new Office of Management and Budget, which would be charged with developing a plan that includes strategies to reorganize or centralize environmental and coastal resource management programs in order to improve efficiencies. A report detailing this plan would be due to the General Assembly and the Governor by November 1, 2012. The Assembly did not concur and instead required that the new Office of Management and Budget perform a study on transportation programs.

Explanations of Budget Articles *(Corrected from Published Version 2/11/2013)*

2013-H 5127

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2014.

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

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

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

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

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

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2014.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2014.

Section 9. University and College Funds. This section had appeared annually to appropriate all funds for Higher Education. It appears to duplicate authority already granted in state law. The Assembly has repeatedly removed this section from the annual appropriations bills since 2005.

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

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2014. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization.

Total staffing is 15,171.6 full-time equivalent positions, 145.3 positions more than enacted.

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The enacted and five previous budgets included language that no contracted employee could be hired nor any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and a determination of need by the Director of Administration. This section excludes this language.

Section 12. Multi Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in FY 2015 through FY 2017 that are funded from Rhode Island Capital Plan funds. The FY 2014 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2013 Appropriations Act.

Section 13. Reappropriations. This section of Article 1 provides that any unexpended and unencumbered funds for Rhode Island Capital Plan fund projects may be reappropriated at the recommendation of the Governor in FY 2014. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer. This amends the FY 2013 enacted language and prevents automatic reappropriations of unexpended and unencumbered funds for Rhode Island Capital Plan fund projects.

Section 14. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 15. Effective Date. This section of Article 1 establishes July 1, 2013 as the effective date of the article.

Article 2. Retired Employees Medicare Exchange

Article 2 alters retiree health benefit delivery from direct plan provision to an exchange system where the state converts the value of its co-share into payment to a retiree Health Reimbursement Account with retirees buying benefits from a wider choice of plans in an exchange. There would be no change to retiree health benefits for those retirees who are not yet eligible for Medicare. The Budget includes savings of \$1.1 million from all funds and \$0.6 million from general revenues from this proposal, which would be effective as of July 1, 2013.

Article 3. Health Insurance Benefits

Article 3 would terminate state sponsored health insurance coverage provided to divorced spouses of state employees, effective January 1, 2014. Currently, the state employee benefit plan extends coverage to former spouses of employees until the employee or the former spouse remarries. The Budget assumes savings of \$1.4 million from all funds, including \$0.9 million from general revenues for six months, with an annualized value of \$2.9 million.

Article 4. FICA Alternative Plan

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This article would allow the state to establish an alternative retirement plan for certain seasonal and part-time employees. Current seasonal and part-time employees who select to participate in this plan will no longer pay their contributions to Social Security and instead contribute 7.5 percent of their pre-tax income to a 401(a) account. The Budget assumes savings of \$0.4 million, including \$0.3 million from general revenues from the state's contribution of the 6.2 percent to Social Security. This assumes the program will begin September 1, 2013.

Article 5. Retirement Contributions

Article 5 removes the requirement that any surplus revenues be transferred to the Retirement System to pay down the unfunded liability. The FY 2013 revised budget recognizes \$13.0 million in additional revenue from repealing that requirement because this is the amount that should be transferred based on the FY 2012 audited closing.

Article 6. Division of Motor Vehicles

Section 1. License Plate Reissuance. This section amends current law to delay the mandatory reissuance of fully reflective license plates from September 1, 2013 to September 1, 2015. This was previously delayed for two years. The section would allow the new plates to be issued at the time of initial registration and upon the renewal of the registration. The Department of Revenue estimates the cost of pursuing this under current law and with current systems in place would be about \$5.5 million.

Section 2. Highway Maintenance Account. This section makes technical corrections to current law regarding motor vehicle surcharges collected by the Division of Motor Vehicles, which were established by the 2011 Assembly for use by the Department of Transportation in lieu of borrowing. The corrections are included to ensure that surcharges placed on specific transactions reflect the intent of current law. The changes assume updated registration data which results in decreased funding of \$0.7 million in FY 2014. The section also renames the account receiving the surcharges to the Rhode Island Highway Maintenance Account, and establishes it under the Intermodal Surface Transportation Fund instead of the General Fund.

Article 7. Public Corporation Debt Management

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Effective upon passage, the article would allow for any debt approved under this act to be available for refunding by the state without specific legislative approval, provided that it would result in a financial benefit to the state. Currently, the statute only allows for refunding of debt issued by other public corporations.

Article 8. Renewable Energy

This article transfers the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Budget includes expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. It requires that the Office submit an annual report on March 1 to the Governor, Speaker of the House and the Senate

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President listing expenditures from the fund, as well as consultants and a summary of performance during the prior year, including accomplishments. It also requires the Energy Commissioner to adopt investment and procurement standards and procedures for evaluating proposals for renewable energy projects.

Article 9. Relating to Taxation and Revenues

Section 1. Enterprise Zones. This section sunsets the Distressed Areas Economic Revitalization Act effective January 1, 2014. Any credit earned under it shall permanently expire as of January 2014 and cannot be used for tax years beginning on or after January 1, 2014. The Budget assumes this yields \$0.3 million in additional revenue.

Section 2. Jobs Development Act Credit. This section amends the Jobs Development Act to allow eligible companies to reduce their business corporation tax rate, which is 9.0 percent for tax year 2013. For tax years beginning on or after January 1, 2014 and prior to January 1, 2015, the amount of the rate reduction allowed for eligible companies against the rate in effect for tax year 2013 will be reduced by 25.0 percent. For all tax years on or after January 1, 2015, the amount of the rate reduction allowed eligible companies against the rate in effect for tax year 2013 will be reduced by 50.0 percent. For FY 2014, passage of this section would yield an estimated \$2.4 million in revenue; for FY 2015, the estimated yield would be \$7.5 million; for FY 2016, \$10.4 million; for FY 2017, \$10.8 million; and for FY 2018, \$11.0 million.

Section 3. Corporate Tax Rate. The section reduces the business corporations tax over a three-year period. Under current law, the business corporations tax rate is 9.0 percent. This section reduces the rate to 8.0 percent from January 1, 2014 to January 1, 2015. From January 1, 2015 to January 1, 2016, the rate reduces to 7.5 percent. From January 1, 2016 and onward, the rate reduces to 7.0 percent. For FY 2014, passage of this section would reduce revenue by \$8.0 million. That loss would grow to \$36.7 million in FY 2017, with the full impact of the final reduction.

Section 4. Outside Collection Agencies. This section amends current law to allow the Tax Administrator the authority to assign non-resident individual and business cases to outside collection agencies. The Department of Revenue estimates that there are 11,554 non-residents owing \$28.9 million in outstanding debt to the state. The Budget assumes \$750,000 in additional revenue in FY 2014 based on passage of this section.

Section 5. Tax Preparers. This section establishes minimum standards that tax return preparers must comply with when filing returns and/or claims for refunds. It establishes civil and criminal penalties for preparers who fail to exercise due diligence in determining taxpayers' eligibility for earned income or property tax relief credits, or who attempt to reduce or evade a tax obligation intentionally.

Section 6. Hazardous Substance Fee. This section eliminates the \$42 annual hazardous substances right-to-know fee charged to businesses that expose employees to toxic or hazardous substances. Employers would still be required to maintain lists of all hazardous substances and place posters in conspicuous locations, providing employees with readily available information about the hazardous substances in the workplace. The Budget assumes a revenue loss of \$384,575 from eliminating this fee, beginning in FY 2014.

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Section 7. Effective Date. This section establishes that this article is effective upon passage.

Article 10. Revised Budget

Section 1. Revisions to Appropriations. This section contains the revised appropriations for FY 2013.

Section 2. Line Item Appropriations. This section establishes that each line of Section 1 in Article 10 constitutes an appropriation.

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

Section 4. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2013. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,102.5 full-time equivalent positions, 76.2 positions more than enacted.

The enacted budget and five previous budgets included language that no contracted employee could be hired nor any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and a determination of need by the Director of Administration. This section excludes this language.

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

Article 11. Municipal Incentive Aid

Article 11 appropriates Municipal Incentive Aid to encourage sustainable funding of retirement plans and to reduce unfunded liabilities. Municipalities that fall into different categories of locally administered pension plans would be eligible. For FY 2014, a municipality may receive funds under three conditions. First, if it has no locally administered pension plan; secondly, if it has submitted an approved Funding Improvement Plan, if required, no later than May 1, 2013; or thirdly, if its locally administered plan is not required to submit a Funding Improvement Plan. For FY 2015 and FY 2016, a municipality that still has a local plan that did not require a Funding Improvement Plan must be funding 100 percent of its Annual Required Contribution. Those with no local plans or those implementing Funding Improvement Plans would continue to be eligible.

Article 12. Hospital Uncompensated Care

Article 12 extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2015 that does not exceed \$128.3 million.

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Article 13. Hospital Licensing Fee

This article extends the hospital licensing fee in FY 2014 at a rate of 5.35 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2011 for all community hospitals except South County and Westerly, which subject to federal approval, will be assessed a 3.37 percent license fee. It includes the due date for filing returns and making the payment.

Revenue from the two-tiered fee will be \$141.3 million including \$136.0 million from community hospital payments and \$5.3 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

Article 14. Job Development Assessment

Article 14 makes several changes to the job development assessment, established in 2010, which employers pay to fund principal and interest on the state's outstanding federal unemployment insurance loans in lieu of the surcharge that was slated to occur. The article lowers the 0.3 percent assessment to 0.25 percent starting January 1, 2014 and allows for use of \$8.0 million in FY 2013 through FY 2015 from these assessments for a new information technology system. For tax years 2016 and beyond, the additional 0.25 percent will be at the discretion of the Director of Labor and Training based on the availability of sufficient funds to pay the debt service on the loans. After paying off the federal loans, any funds remaining in this account will be used for benefit payments. This article is effective upon passage.

Article 15. Work Immersion and Apprenticeship Program

Article 15 creates a new work immersion and a non-trade apprenticeship program to connect individuals with a job placement for an average of 20 hours per week for 10 weeks. The Human Resource Investment Council shall reimburse the employer for up to 50 percent of the costs of up to 200 hours of work and may provide up to 75 percent if the individual is hired at the end of the ten-week period. The Council shall create a non-trade apprenticeship program and annually award funding on a competitive basis. The article would be effective upon passage and authorizes use of job development funds or funds appropriated through the budget, but does not specify the amount; the Governor includes \$1.0 million in FY 2013 and \$2.0 million in FY 2014 from general revenues for this program.

Article 16. Restricted Receipt Accounts

Article 16 exempts nine restricted receipt accounts from the 10.0 percent indirect cost recovery charge, including Demand Side Management Grants, Providence Water Lead Grant, Commission of the Deaf and Hard of Hearing, Emergency and Public Communications Access Account, Forfeitures Funds for the Military Staff, Department of Public Safety and Office of the Attorney General, Renewable Energy Development Fund, and Violent Crimes Compensation Refunds. Legislation creating the Emergency and Public Communications Access Account is included in Article 17. It also removes the Bureau of Audits American Recovery and Reinvestment Act Administrative Expenses account since it is no longer required. It should be noted that a majority of these accounts do not exist in statute.

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Article 17. Emergency Public Communications Access Fund

Article 17 creates an Emergency Public Communications Access Fund within the Commission on the Deaf and Hard of Hearing and transfers \$80,000 annually from the restricted receipts collected by the Public Utilities Commission Dual Party Phone Relay escrow account to the Commission beginning in FY 2014. This service is funded through a \$0.09 surcharge on all landlines enacted in 1998.

Article 18. Rhode Island Public Telecommunications Authority

This article eliminates the Rhode Island Public Telecommunications Authority enabling statutes and abolishes it as a public agency as the Authority has been transferred to the Rhode Island PBS Foundation. The article also abolishes the Rhode Island Advisory Commission on Public Telecommunications and replaces the "Rhode Island Public Telecommunications Authority" with the "Rhode Island PBS Foundation" when applicable in remaining statutes.

Article 19. Medical Assistance

Article 19 extends Medicaid funded benefits to childless, non-disabled adults, ages 19 through 64, with incomes at or below 138 percent of poverty beginning January 1, 2014 consistent with the Affordable Care Act. It also freezes the rates paid to hospitals in both the managed care and fee-for-service systems at the FY 2013 enacted level and also eliminates the scheduled October 1, 2013 nursing home rate increase. The Governor adds \$69.8 million from federal funds for the Medicaid benefits and includes savings of \$18.3 million, including \$9.1 million from general revenues for the rate changes.

The article makes provisions for the December 31, 2013 expiration of the Rhode Island Global Consumer Choice Waiver to allow the Office of Health and Human Services to apply for an extension or renewal of the global waiver or apply for any new waiver or waivers that, at a minimum, provide for continuation of any waiver authority that the state had before the global waiver. It also makes a technical correction to replace the Department of Human Services with the Executive Office of Health and Human Services where appropriate.

Article 20. Medicaid Global Waiver Resolution

Article 20 is a resolution to notify the Assembly and seek approval to make changes to the Medicaid global waiver for programs under the Office of Health and Human Services. The change allows the state Medicaid agency to eliminate the scheduled rate increases for nursing facilities and hospitals in FY 2014, continue the phase-in of the Medicaid integrated care initiative for adults, and allows the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to make rate changes to certain rehabilitation services to promote employment first initiatives and support a housing first program. The Governor includes savings of \$23.4 million, including \$13.9 million from general revenues for the global waiver changes.

The article also allows the Office to make any necessary changes under the global waiver for the optional programs that provide specified services to individuals who are not Medicaid eligible, referred to as the costs not otherwise matchable programs. This action will allow the Office to update income eligibility requirements for the newly expanded Medicaid population, who now having access to medical benefits, will no longer require services under the optional programs.

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Article 21. Rhode Island Public Transit Authority

The article makes a technical correction to current law to specify that the Rhode Island Public Transit Authority is not obligated to repay funds dedicated to it in the FY 2013 budget from the State Fleet Replacement Revolving Loan Fund.

Article 22. Historic Preservation Tax Credit Trust Fund

Article 22 is a resolution that reiterates the Rhode Island Economic Development Corporation's authorization to issue a maximum of \$356.2 million in bonds to satisfy tax credit obligations incurred under the Historic Tax Credit Program. The Corporation is additionally authorized to use bond proceeds to pay processing fee reimbursements on projects approved for Historic Tax Credits. The maximum amount of bonds authorized to be issued for deposit in the project fund to pay processing fee reimbursements on abandoned projects, as defined in newly proposed legislation, and to reimburse the state for tax credits issued on original or replacement projects remains at \$299.9 million.

Article 23. Historic Structures Tax Credits

This article amends current statute to include definitions of additional projects eligible for Historic Tax Credits. Abandoned projects, replacement projects, scattered site development, and substantial construction are defined. It adds language to include replacement projects within the categories of construction and renovation projects eligible for Historic Tax Credits. Credits may be reassigned to replacement projects that satisfy specific conditions. Preference will be given to projects that will be completed within two years or are located in distressed communities. Any replacement projects with qualified rehabilitation expenditures of \$10.0 million must utilize contractors that participate in the Class A Apprenticeship program.

Article 24. Unemployment Appeals Attorney Fees

Article 24 requires that an unemployment insurance appeal case be successful for the individual in order for the attorney representing the individual to collect any fees, where currently the attorney is compensated regardless of the outcome. It also reduces the amount an attorney can charge for filing an unemployment insurance appeal from 15 to 10 percent of the claim's benefits, with a minimum of \$50. The individual receives the full award and the fee is paid by the Department of Labor and Training based upon the value of the benefits awarded. Legal fees are paid from the restricted receipt tardy and interest accounts, which are also used to offset general revenue expenditures elsewhere in the Department. The Governor's budget assumes this will save \$0.3 million in FY 2014.

Article 25. Effective Date

Article 25 provides that the act shall take effect on July 1, 2013, except where a provision within an article specifies a retroactive or prospective effective date.